

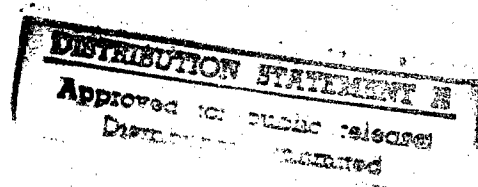
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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS



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20 January 1984

EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

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YUGOSLAV TRADE WITH CEMA COUNTRIES

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 13 Dec 83 p 1

[Text] The end of the year stimulates the bodies of the Economic Chamber of Yugoslavia to complete work already begun so as to enter 1984 as ready as possible. That is why there are items on the agenda such as achievement of the program for exports and imports in that portion of 1983 which has passed, the program for development of a foreign trade network abroad with a particular glance at the business units in the East European socialist countries and China, and then border cooperation with the neighboring countries of Hungary, Romania and Bulgaria. Delegates in the regional committee have also taken up questions concerning compensation deals transacted with the East European countries over the first 9 months of this year, which were to a considerable extent characteristic of visible trade with them.

Commodity trade with that group of countries over the first 9 months of this year, it was concluded at the meeting of the regional committee, has mainly been successful, and it is estimated that the overall volume of trade envisaged in negotiations with the various trading partners will be achieved by the end of the year.

Yugoslav exports reached \$3,545 million by the end of October; exports to the Soviet Union amount to \$2,070 million of that, exports to Czechoslovakia \$497 million, the GDR \$282, Poland \$22, Hungary \$232, Romania \$81, Bulgaria \$86, Albania \$35 and China \$32 million. Nearly 1.5 months have passed since that time, so that the results have certainly improved considerably, but at present the figures on that are not known. Along with the figures given on exports, we also know those which state how much is still to be exported to each of these countries to fulfill plans: \$770 million to the USSR, \$251 to Czechoslovakia, \$201 to the GDR, and so on.

Imports from the entire group of countries in the first 9 months amounted to \$3,878 million, in which imports from the Soviet Union were in first place with \$2,313 million. Then came Czechoslovakia with \$537 million, the GDR with \$325, Poland with \$245, Hungary with \$221, Romania with \$101, Bulgaria with \$8, China with \$21 and Albania with \$40 million. There also remained quite a few obligations to import: \$746 million worth from the USSR, \$189 from Czechoslovakia, \$173 million from the GDR, and so on.

The regional committee judged that all the programs could be carried out except perhaps in trade with the GDR because of lateness in deliveries of certain types of goods on both sides. There is also a question about making the envisaged deliveries with Albania, since that country has not been able to transmit the planned quantities of electric power, which will prevent it from taking all the planned quantities of Yugoslav goods.

On the other hand certain surpluses are anticipated in trade with Czechoslovakia and Mongolia. Trade with the latter country has developed this year considerably more favorably than was anticipated: the protocol for 1983 called for an agreed visible trade in the amount of \$7 million, that is, \$3.5 million for each side. In the first 10 months more than \$3.5 million worth of goods were exported from Yugoslavia, and nearly \$5 million worth were imported, so that the annual plan has already been exceeded. It is expected that by the end of the year trade will reach a value of \$10-11 million.

The regional committee put up for public discussion in the republics and provinces and in the general associations the proposed version of the program for development of the foreign trade network abroad, which is to be submitted to the Yugoslav Assembly before the end of February 1984.

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CZECHOSLOVAKIA

PROBLEMS OF LINKING DOMESTIC, FOREIGN PRICES DISCUSSED

Prague PLANOVANE HOSPODARSTVI in Czech No 9, 1983 pp 19-28

[Article by Eng Jirina Sladkova, Candidate for Doctor of Science]

[Text] The relatively high level of integration of our national economy in the international division of labor has meant that the changes which occurred in the world economy during the 1970's, the consequences of which persist to this day, have perceptibly influenced the development of economic processes in our country as well.

The importing of raw materials and the exporting of finished products has long dominated the structure of our national economy, as shown by the following table:

The Structure of Foreign Trade (in percent)

	Imports			Exports		
	1960	1970	1979	1960	1970	1979
Total, of which	100	100	100	100	100	100
machinery, equipment, instruments	21.7	33.3	36.5	45.1	50.2	51.1
fuel, materials, raw materials	53.0	43.1	47.4	29.2	29.4	28.5
breeding cattle and other animals	0.1	0.3	0.1	0.1	0.1	0.1
foods, including raw materials and semifinished goods	21.9	14.8	9.3	5.2	3.8	3.7
nonfood items for consumption	3.3	8.5	6.7	20.4	16.5	16.6

Source: Statistical Yearbook, State Publishing House for Technical Literature [SNTL]-Alfa, Prague 1980, p 467.

It is well known that in the 1970's world prices of raw materials rose much faster than those for finished products:

Development of World Prices (in percent) (1970 = 100)

	<u>71</u>	<u>72</u>	<u>73</u>	<u>74</u>	<u>75</u>	<u>76</u>	<u>77</u>	<u>78</u>	<u>79</u>	<u>80</u>
raw materials	110	127	182	308	302	320	353	359	465	680
finished products	105	113	133	162	182	182	198	227	260	288

Source: FINANCE A UVER, quarterly supplement No 3, 1982, p 190.

Given the above development of world prices, the structure of our imports and exports and, of course, other influences, we have been obtaining less favorable prices for exports than for imports, which has resulted in long-term deterioration in exchange relationships:

Indexes of Czechoslovak Import and Export Prices and Exchange Relationships (1970 = 100)*

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
export prices	126.0	131.0	134.3	136.7	146.3	159.6	173.7
import prices	139.4	148.9	157.0	163.2	177.8	194.5	221.0
exchange relationship	90.4	88.0	85.5	83.8	82.3	82.1	78.6

$$\text{*exchange relationship} = \frac{\text{export price index}}{\text{import price index}} \times 100$$

Source: Statistical Yearbook, SNTL-Alfa, Prague 1982, p 463.

In comparing these indexes of Czechoslovak import and export prices with world price indexes, it is clear that the current growth rate of prices in Czechoslovak imports and exports has been substantially lower. This slower rate of increase of Czechoslovak import prices has been influenced primarily by the prices of mutual trade among CEMA countries, the formation technique for which takes account of long-term developmental trends and reacts to movements in world prices on a 5-year average (sliding 5-year averages).

The above development of Czechoslovak export and import prices and the long-term deterioration in exchange relationships has led, among other things, to a situation in which the same physical volume of imports has had to be assured through a larger physical volume of exports, as shown by the following data:

Development of Czechoslovak Imports and Exports (1970 = 100)

	<u>1975</u>	<u>1981</u>
export index in constant prices	135.6	184.9
import index in constant prices	136.8	146.7
export index in current prices	170.9	321.1
import index in current prices	190.6	327.3

Source: Statistical Yearbook, SNTL-Alfa, Prague 1982, p 463.

In some years exports expressed in terms of constant prices have exceeded imports even though in current prices there has been a foreign trade deficit.

Developmental trends similar to those of the CSSR have been recorded by the international statistics of those European CEMA countries in which foreign trade accounts for an equal or larger share of the national income:

Exports as a Percentage of National Income in 1978

<u>CSSR</u>	<u>Poland</u>	<u>GDR</u>	<u>Bulgaria</u>	<u>Hungary</u>
29	31	30	40	54

Source: PLANOVANE HOSPODARSTVI No 11, 1982, p 9.

The structure of imports and exports in the basic product groups in these countries is as follows:

Goods Structure of Foreign Trade for CEMA Countries in 1980
(as percentage of total) (D = imports, V = exports)

		<u>CSSR</u>	<u>Poland</u>	<u>GDR</u>	<u>Bulgaria</u>	<u>Hungary</u>
machinery, equipment,	D	36.6	32.7	30.8	35.4	30.7
transportation equipment	V	50.3	44.4	51.3	44.4	32.2
fuels, inorganic raw	D	31.5	31.1	36.7	42.9	27.0
materials, metals	V	17.2	25.5	14.8	15.0	14.4
nonfood and food raw materials	D	16.1	20.9	18.9	9.7	18.6
and semifinished goods, foods	V	8.6	9.9	6.4	24.4	26.1
industrial consumer goods	D	5.9	6.4	5.0	4.4	7.7
	V	15.9	15.3	14.8	8.8	17.4
chemical products,	D	9.7	8.9	8.6	7.0	16.0
fertilizers, other goods	V	8.0	4.9	12.7	6.2	9.9

Source: Statistical Yearbook, 1982, p 686.

The uniformly high percentage of raw materials in their import structures has had a negative impact in most of the CEMA countries on their foreign trade balances. In the following table, figures are listed in U.S. dollars for comparability; + = exports exceed imports, - = imports exceed exports.

Foreign Trade Balance

	<u>1970</u>	<u>1975</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Bulgaria	173	- 717	- 42	- 173	355	722
CSSR	97	- 720	- 884	- 818	-1,065	- 257
GDR	-266	-1,203	-2,310	-1,306	-1,151	
Hungary	-189	-1,085	- 691	-1,557	- 736	- 558
Poland	- 60	-2,254	-2,351	-1,975	-1,335	-2,092

Source: Monthly Bulletin of Statistics 10, 1982.

In connection with this data, it is also interesting to note the movement of the prices achieved for imports and exports, and the exchange relationships for individual CEMA countries:

Index of Export Prices, Imports Prices and Exchange Relationships in 1980
(1975 = 100)

	<u>Import prices</u>	<u>Export prices</u>	<u>Exchange relationship</u>
Bulgaria	135.2	107.1	79.2
CSSR	139.8	126.3	90.3
GDR	116.7	115.7	99.1
Hungary	104.0	101.0	97.1
Poland	128.0	126.0	98.4

Source: Calculations by author based on Monthly Bulletin of Statistics No 10, 1982.

The results which have been achieved in foreign trade are a reflection both of conditions on foreign markets and within the national economy, of the ability to react flexibly in the domestic economy to changing world developments and to bring to international markets products which are up to the strict and harsh standards of international competition.

The results we are currently achieving in international markets in turn exert an influence on national economic processes. "Foreign economic relations, given the high degree of openness of our economy to what happens abroad, predetermine the basic proportioning of the national economic plan, and in particular the formation and utilization of the national income. For this reason we consider the fulfillment of the tasks included in the plan in the area of foreign economic relations to be a priority." (S. Potac, "On the State Plan for Economic and Social Development for 1983," Prague, Svoboda, 1982, p 27.)

Foreign prices, and their effective utilization in the domestic economy, are considered to be one of the important instruments which can contribute to improving our performance in foreign trade and to the flexible adaptation of the national economy to world developments. A closer link between domestic and foreign prices is not a new demand. It was requested in the 1960's, but world developments in the 1970's have made the issue of finding a resolution for these relationships much more pressing. "The relationship between foreign and domestic prices, the degree of comparability of both systems, and thereby also the possible scope of utilization of these relationships within the economic mechanism represents a basic problem of the gradual development of an open planned economy. In such an economy, prices are the irreplaceable mechanism for linking foreign resources to the national economy." (L. Ler, "Accelerating the Practical Application of the Set of Measures," MODERNI RIZENI, 1, 1983, pp 9, 10.)

National economic development under the complex and demanding foreign and domestic conditions of the 1970's has unambiguously confirmed that we cannot divorce ourselves from world price developments in the planned management of our national economy. At present almost no one objects to the view that foreign prices exert an influence on and are significant for the Czechoslovak economy. Differences of opinion still persist, however, as to the extent, scope and in what way to incorporate the influences of foreign prices into domestic economic processes and the price system.

An appropriate and effective degree of linkage between foreign and domestic prices belongs among the most complex issues of economic policy. This is because it is not a matter only of prices. The extent of utilization of foreign prices in the domestic economy and their incorporation in domestic prices are both influenced by the character of the entire system of national economic management, of which it represents a single element. This implies that all measures adopted to foster increased utilization of foreign prices in the domestic economy must be viewed comprehensively and the conditions assured for their functioning in the areas of planning, finance, economic incentives, etc. It is essential, moreover, before adopting specific measures in the area of linking foreign and domestic prices, to consider and establish:

- the objectives, the achievement of which will be furthered by this linkage;
- the conditions under which the established objectives will be realized;
- the possibility for individual management elements to make decisions and take actions to foster the meeting of these objectives.

In view of the fact that conditions, especially abroad, evolve and sometimes change substantially, it is essential that the chosen extent and means for integrating foreign and domestic prices also evolve.

In further discussions we must dispose of a certain generality in the concept of foreign prices. This is currently very broad and includes both prices which exist on international or world markets, the domestic prices of other countries and, finally, concrete prices in our own foreign trade.

Of the foregoing types of foreign prices, the foreign trade prices have the closest relationship to national economic development, because they assure the link between national value creating processes and international ones. They serve as a means for incorporating the results of importing and exporting operations into national economic valuation processes, and influence the economic conditions of national economic development as well as foreign and domestic equilibrium. This is a matter, then, of transferring, transmitting valuation processes from foreign environments to the national economy. In this sense, foreign trade prices fulfill their transmitting function, and it must be emphasized that they do so objectively and, furthermore, in a situation in which the penetration of foreign trade prices into the domestic economy and price system is partially or totally restricted by various economic policy mechanisms. When their influence is absolutely restricted, foreign

trade prices penetrate the domestic economy in a mediated form through macro-economic quantities (social product, national income, the state budget, the credit fund, etc.), but in any event affect national valuation processes.

Foreign trade prices act in a similarly objective fashion in their standardizing function in relation to the national economy. This means that products which pass through the foreign trade system have their costs verified in foreign marketplaces. For imported products the level of internationally essential costs is set in foreign markets, and these goods may be obtained only on these terms. Similarly, the level of prices obtained for exported products depends on what is determined to be average essential costs in international markets. Through imports and exports only those domestically incurred costs which correspond to internationally essential costs may be officially realized.

International exchange provides, especially for exports, a guideline in the form of foreign trade prices which represents a limit to the costs of economic organizations. The valuation of products designated for export under the conditions of the relevant international markets determines whether domestically incurred costs will be realized on an international scale. In this sense, foreign trade prices generate needed economic pressure on the effective use of factors of production and the production of socially necessary use values. Similar pressure cannot be exerted by price formation based on computational techniques, even in those instances when the calculations are based on verified consumption standards for labor value added and the labor content of specific products within the national economy.

When foreign trade prices are not charged directly to the immediate producer of export goods, an important economic mechanism which provides producers with incentives in the areas of increased labor productivity, the economical utilization of raw materials, the implementation of innovative procedures, etc. is lost.

The influence of foreign trade prices may be felt in various ways in the domestic economy and price system. The planned management of price evolution and the specific mechanisms for this both offer broad possibilities for implementation. The price development plan, to the extent that it would not take into consideration the development of foreign trade prices, would consciously create a price system for products passing through the foreign trade system that would differ from their socially essential costs. Likewise, the formation of prices for new export products must verify the level of essential costs under the conditions of foreign markets if these export product prices are to be based on essential costs.

One of the advantages of the planned management of price development is that central measures fostering the utilization of foreign prices may be used to influence the development and formation of prices even of products of specific economic organizations which are not involved in foreign trade. Such an approach, however, must be based on well thought out objectives and the projected development of economic conditions so that prices will not become divorced from the economic base over the long term.

The impact of foreign trade prices may also be felt in the national economy and the domestic price system through goods and cash flows that take place among enterprises involved in foreign trade and economic organizations. This technique may be used in cases where the management system has created the preconditions for it. This means that it may be considered primarily where economic organizations make decisions concerning the structure of factors of production and the areas where their production will be utilized within the context of the objectives established by the national economic plan.

On the one hand, allowing the full impact of foreign trade prices to fall on the direct importers and exporters may be viewed as an insufficient requirement, and on the other hand as too strict a requirement.

The exertion of economic pressure from external environments through the foreign trade prices of exported and imported products may be viewed as insufficient because it has an impact only on specific types of output. In terms of world development an influence must be exerted in the area of labor productivity, innovative procedures, technical-managerial parameters and the like, as well as on products which are produced alongside export production but which are not exported at all. Therefore, for domestic price formation or for various analyses it is also possible to utilize several other types of foreign prices, such as prices designated as worldwide, or export and import prices of the major world exporters and importers, the domestic prices of the main world producers, etc.

On the other hand, however, the full incorporation of the foreign trade performance of economic organizations in the form of the prices which have been obtained need not always be fully desirable, and for some producers may actually not be feasible at all under current conditions.

The socioeconomic development of society establishes social objectives which must be realized, even though their valuation by strictly economic criteria would prove unfavorable.

Long-term intentions, social development objectives and their economic effectiveness cannot be reliably judged solely on the basis of generally accepted criteria at the time of their adoption. Despite some uncertainty concerning the future development of valuational criteria, particularly externally, the quantities reflecting existing conditions are not fully satisfactory for this purpose.

Relatively significant differentiation continues to be evident in the relations between foreign trade and domestic wholesale prices; the range of the differences is broad, with the differential indicator assuming values that are both well above and well below the average. This differentiation reflects material conditions, differing levels of national labor productivity for individual sectors, branches and products in relation to the prevailing levels on international markets, as well as certain theoretical, methodological and systemic problems.

Research has shown that the basis of the differences lies in labor productivity. Nevertheless, the predictive ability of foreign and domestic prices is influenced by systemic and methodological differences as well as certain issues of price theory. This neglected field demands systematic analysis on the basis of which these influences could be moderated.

The exchange rate and its quantification has great significance for foreign trade and domestic prices. Its level determines how wide a range of products may be efficiently exported. The method which is being utilized to calculate the rates of domestic production equilibrium, which supplement the official exchange rates of the Czechoslovak State Bank for foreign currencies, are based in principle on the relationship between the level of foreign trade and domestic prices formulated for exported goods (the production exchange rate). This technique is justified under certain conditions; the result, however, of supplementing the exchange rate with rates of domestic production price equilibrium is to divide the relationship between foreign trade and domestic prices into parts which can take on the following values:

- greater than 1 (differential indicator > 1),
- less than 1 (differential indicator < 1),
- equal to 1.

At the same time, in terms of import requirements it is essential to realize exports with a differential indicator less than 1. In this case, the central agencies must decide what minimal level of the differential indicator is essential to assure an equilibrated trade balance. Mechanisms must also be adapted to this limit, so that economic organizations will have an economic incentive to produce these types of exports.

An exchange rate based on export production costs always results in a situation where a portion of exports achieves a differential indicator of less than 1, even when the effectiveness of exports is constantly increasing. This is the result of determining an exchange rate in this fashion. We can prove this with a schematic example in which the volume of exports in wholesale koruna prices will not change and where we will consider only changes in the structure of exports in determining increases in export effectiveness. The exchange rate of the Czechoslovak koruna in terms of the fictitious foreign currency unit is generated from the price levels of domestic wholesale and foreign trade prices.

Example:

<u>Export component</u>	<u>Exports in foreign trade prices, in foreign currency units</u>	<u>Exports in koruna whole-sale prices</u>	<u>Koruna production costs</u>	<u>Differential indicator</u>
A	20,000	300,000	15.0	1.33
B	5,000	85,000	17.0	1.18
C	45,000	900,000	20.0	1.00
D	30,000	715,000	23.8	0.84
Total	100,000	2,000,000	20.0	1.00

Now, in the interest of increasing efficiency let us limit exports of the least favorable element, D, assure the established koruna volume of exports through increases in elements A and B, retaining the production costs for individual components. This results in the following changes:

<u>Export component</u>	<u>Exports in foreign trade prices, in foreign currency units</u>	<u>Exports in koruna whole-sale prices</u>	<u>Koruna production costs</u>	<u>Differential indicator</u>
A	40,000	600,000	15.0	1.22
B	10,900	185,000	17.0	1.08
C	45,000	900,000	20.0	0.92
D	13,200	315,000	23.8	0.77
Total	109,100	2,000,000	18.33	1.00

If we were to eliminate totally exports of component D, the exchange rate calculation and differential indicator would change as follows:

<u>Export component</u>	<u>Exports in foreign trade prices, in foreign currency units</u>	<u>Exports in koruna whole-sale prices</u>	<u>Koruna production costs</u>	<u>Differential indicator</u>
A	61,000	915,000	15.0	1.14
B	10,900	185,000	17.0	1.01
C	45,000	900,000	20.0	0.86
Total	116,900	2,000,000	17.11	1.00

From this simplified example it is clear that:

--specifying an exchange rate determined on the basis of the relation between foreign trade prices and wholesale export prices (production exchange rate) will always involve components for which foreign trade prices are lower than wholesale price levels after conversion, according to the given exchange rate, to Czechoslovak currency units;

--the production exchange rate presupposes the use of additional mechanisms which would function to help compensate for exports sold at a loss.

Several theoretical and methodological problems must not be an obstacle to the utilization of the positive influence of foreign prices within the domestic economy and pricing system. The results achieved in the past decade and at present urgently demand a solution to this problem. The Set of Measures for Improving the Planned Management System of the National Economy After 1980 provides "at all levels of management for the thorough implementation of calculations of efficiency indicators, chief among which is the relationship between fob prices and wholesale prices, as the decisive criterion in plan formulation..." ("On Improving Planned National Economic Management." Prague, Svoboda, 1980, p 17).

The level of utilization of foreign trade prices in the Czechoslovak national economy depends on the basic tasks established for national economic development under current conditions. The 16th CPCZ congress stated: "It is a pressing objective of party policy, even under substantially more difficult foreign and domestic conditions, to maintain and increase the quality of the high living standard that has been achieved for the population and the social certainties of our people, all in accordance with the results which will be achieved in the development of our national economy.... The fulfillment of the guidelines for the Seventh 5-Year Plan in this situation requires the thorough implementation of increased economic intensifications, an increase in the quality and efficiency of all work, effective structural changes based above all on the acceleration and maximum utilization of research and development results and the deepening of CSSR participation in the international socialist division of labor, and particularly with the USSR..." ("Collection of the Principal Documents of the 16th CPCZ Congress." Prague, Svoboda, 1981, p 108).

Prices can and also must contribute to the achievement of these objectives. In view of the fact that the basic directions of national economic development in the Seventh 5-Year Plan take full account of the impact of conditions from foreign environments and consider the relationship between foreign trade prices and wholesale prices as one of the significant criteria for decision-making at all levels of management, broad opportunity has been created for applying the function of foreign trade prices in the national economy. These prices must be applied within the context of the national economy to all management links as a standard for labor allocations and simultaneously as an incentive to follow and adapt to world developments. These prices must exert their influences both vertically and horizontally. By vertical influence I have in mind their influence on all links of management. The efficiency and quality of all work, the effective structuring of the national economy and its incorporation into the international division of labor may not, in my

opinion, be achieved only through the influence of foreign trade prices on economic organizations. These prices must be taken into consideration and used within the context of prevailing conditions as a guide to management during the preparation and refinement of long-term objectives of economic policy, developmental objectives and the establishment of tasks for pertinent planning periods. The role of foreign trade prices as a decisionmaking standard is limited at this stage for a number of reasons which I have already mentioned. These prices form an essential criterion for the evaluation of specific guidelines and for the establishment of consequences for specific solutions which deviate from them.

The horizontal influence of foreign trade prices means that their influence must permeate all participating divisions at given levels of management. In my view this influence should not be connected only with direct importers or exporters. Both the production of final products from imported raw materials and the exporting of products which have gone through several production stages incorporate and confirm the level of total costs in terms of those which have been realized in international markets. It is impossible, that is, to exert pressure through foreign trade prices only on direct importers and exporters, but necessary to exert this influence more broadly as well. How to achieve this has so far been very problematical and more than a little effort will still be required before we succeed in resolving this issue. I think that a satisfactory resolution will have to be arrived at gradually, probably by trial and error. This is also an area in which views differ the most from each other. I would like to point out a few of the problems.

The most promising solution lies in the integration into the economy of the foreign trade prices obtained for imports, even though this is not simple. Here, as imported raw materials, materials and products proceed through individual processing steps, their price is incorporated in the costs of the products for which they are being consumed. The farther one is from the direct importer, the less obvious the origin of the utilized materials and products. The wholesale prices of final products made up of imported raw materials and materials should, however, reflect the purchase prices of underlying raw materials and products. On the other hand, however, the full incorporation of import prices at all contributory levels and the setting of product prices with a view to the prices of imported components need not lead to effective pressure for the economical use of factors of production. Inasmuch as increased import prices will be fully incorporated in the prices of products which are produced from them, the pressure thus exerted will not be effective enough to force changes in the behavior of economic organizations or to stimulate the search for new ways of coping with increasingly difficult conditions abroad.

Some raw materials and materials in capitalist markets are marked by numerous and substantial fluctuations over very short time intervals. There is the question of whether it is effective to charge such fluctuations to the importer and to pass them on further. Such an approach would be justified in the event that economic organizations could choose the most favorable time to make purchases abroad. But the practice of passing on price fluctuations in foreign markets to subsequent processing steps would create very insecure and

unstable economic conditions for economic organizations. Significant fluctuations in import prices under conditions of stable wholesale prices for their products would have unacceptable consequences for them. For this reason the existing regulation of the prices of imported raw materials, materials and products for consumption during production will still be necessary in many instances.

The situation is much more complicated for exports and the passing on of the results achieved on foreign markets to all production levels which precede the production of the finally exported product. Particularly when there is a great deal of subcontracting, the exporting enterprise cannot itself guarantee the technical sophistication and quality of the exported product. Moreover, when raw materials, materials and products used in the production of a final product designated for export are not themselves export items, it is problematical to establish a wholesale price for them based on foreign trade prices. This would necessitate the restructuring of basically the entire system of domestic wholesale prices according to foreign trade prices, because it is likely that we would find relatively few products which would be completely unrelated to foreign trade, even though it would in many instances be a matter of a highly indirect relationship. We would thus find ourselves in a situation in which wholesale prices would be divorced from domestic costs and thereby lose the ability to receive information as to what relationship exists between domestic costs and internationally recognized essential costs.

In addition, because subcontractors have a part in the level of domestic costs and in many instances significantly influence the final results, it would be effective to use economic incentives in the achieved results of final products to generate an interest on their part in adapting to foreign developments.

At present the requirement of charging the full impact of foreign trade prices to the direct exporter is a serious problem. The range of differential export indicators is very broad and to assure equilibrium in the balance of trade exports must be made which represent a loss from a foreign trade viewpoint. While passing on foreign trade prices to economic organizations for profitable exports (those with a differential indicator greater than 1) cannot raise any objections on their part, the central agencies must make a decision concerning how much it makes sense to leave with the economic organizations so as to stimulate adequately exports of these products.

In terms of exports made at a loss (a differential indicator less than 1), foreign trade prices cannot be charged to economic organizations without supplementary mechanisms if these are required from a social point of view. And because we have learned from the preceding considerations that domestic production price equilibrium established according to a production exchange rate presupposes that some exports will be made at a loss, it is essential to choose mechanisms of a supplementary nature as permanent components of the production exchange rate. The development primarily of profitable exports and the gradual reduction of unprofitable ones would lead to a restriction on these supplementary mechanisms only in the event that over the long term the rates of domestic production price equilibrium would not change. Their stability over the long term, on the other hand, would amount to transmitting foreign inflationary trends to the domestic economy.

For foreign trade prices to influence economic organizations in the desired directions, they must have an economic stake in the results which are achieved. The results of foreign trade must be incorporated into those indicators which are of decisive significance for enterprise and individual interests. They will exert an effective influence only if they take into account the possibilities open to economic organizations for adapting to foreign developments as if they will correspond to their share in achieved results. Inasmuch as the behavior of economic organizations will influence the difference between foreign trade and domestic wholesale prices, there is clearly a need for a domestic price system with reliable predictive capabilities.

Central agencies must play an increased role in the positive utilization of the influences of foreign trade prices on the national economy. They must evaluate the development potential of the national economy, manage its long-term integration into the international division of labor, outline basic developmental directions, assure the effective incorporation of lower management links in decisionmaking regarding the volume and structure of foreign trade and possible ways to adapt to world developments, and keep in mind the time and resources needed to accomplish this. With a view to all these factors, it is necessary to choose the means and extent of utilization of foreign trade prices in the domestic economy, their closer integration with domestic prices and supplementary mechanisms. Their quantification also depends on objectives in this area.

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RELATIONS OF INVESTOR, GENERAL DESIGNER, CONTRACTOR IN CONSTRUCTION DEFINED

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[Article by Engineer Ella Zemanova, SSR Ministry of Development and Technology, Bratislava: "Relations Among the Participants in Capital Construction Under the Conditions of the Planned Management System"]

[Text] In the context of evaluating the development of our economy it is often established that overall efficiency of capital construction is influenced to no small extent by the inadequate cooperation among its participants. Practically all three participants--the investor, general designer, and contractor--are at fault, alternately one more so than the other two.

How are the relations among the participants in capital construction under the 7th Five-Year Plan? Have they undergone positive changes as a result of the Set of Measures? What can be expected to produce an improvement? The attempt below to answer these questions from the viewpoint of the individual participants in capital construction does not claim to be comprehensive; it sets for itself merely the objective not to be one-sided.

The Investor in the Investment Process

The investor--in other words, the enterprise, economic production unit, or budgetary organization--must be the principal factor in the investment process. It is the only subject that has, or should have, an overview of the project and information on the intended user of the fixed capital, its inputs and outputs. In the case of productive fixed capital the investor must research the competitiveness of its products in world markets, the contributions toward achieving currency convertibility, improving the balance of trade and intensifying the division of labor within CEMA, and other circumstances.

As the organization for which the investment project is being prepared, and which has the financial resources necessary to pay the contractors and will be the user of the future fixed capital, with all the consequences for enterprise khozraschet, the investor must also be the most effective controller of capital construction.

Investor's Position

The investor's position among the participants in capital construction has not changed significantly even under the 7th Five-Year Plan. As before, it must

ensure many exceptionally important tasks, without which the investment process could not begin, continue or be realized.

--First of all it is the investor's duty to perform a circle of tasks of a substantive, conceptual and organizational nature that stem from the existing regulations. Which means that the investor must elaborate concepts of the development of the branch, sector, enterprise and product; draft long-range, medium-range and implementation plans; prepare feasibility studies and the preplanning documentation; contract for the planning and design documentation and the deliveries; finance the project; monitor the course of construction; check the quality of the work performed; accept the completed deliveries; and prepare a final evaluation of the completed project.

--In addition, the investor is the main coordinator of the activities of the various contractors on the project. They have a common schedule for the individual deliveries but are not jointly and severally responsible for the progress of their work, which is coordinated by the investor.

--The investor must perform its coordinating activity with the help of a special organizational subdivision (group of workers) that becomes superfluous once the project has been completed, and its redundant members either leave or transfer to the newly built operation. Practically on every project new personnel must be hired for the investor unit and trained to perform the investor's functions. Therefore the collectives of the investor unit are usually less experienced than the permanent collectives of the contractor enterprises.

--The investor's activity in the phase of preplanning preparations depends to a considerable extent on active cooperation with the contractors. Once work starts on the planning assignment, the investor must hold talks as soon as possible with the general designer and contractors and agree with them on accepting deliveries and on the cooperation necessary to prepare the preliminary and the planning and design documentation.

We know from practice, however, that in the phase of formulating the planning assignment the investor often does not find a contractor and does not conclude with the contractor a preliminary delivery or similar contract. Cooperation with a contractor occurs mostly under the pressure of the regulations on the investment project's documentation. Which means that cooperation does not stem from an economic interest to jointly master the preparation of the investment project, quickly and well.

--Therefore the investor strives to gain the contractor's "favor" at all cost. As a result, the investor accepts the contractor's proposals even when they increase the budgeted cost of the project; provides materials, products, machinery and equipment for the contractor; "lends" the contractor workers; undertakes to find subcontractors for the general contractor, etc. What we have here is a series of activities that are entirely outside the scope of the investor's obligations and which the investor performs on the contractor's behalf. Very often these activities are in conflict with what is permissible, and in every case they are "contrary to the spirit" of the regulations. Such cooperation between the investor and the contractor leads to concessions and compromises, and in the final outcome it reduces also the investment project's social efficiency.

Changes in the Investor's Position and Relations Under the 7th Five-Year Plan

The Set of Measures calls for applying to the investor's sphere a number of instruments that strengthen the investor's position and improve its relations with the contractor.

--For example, the "profitability of production assets" has been introduced as a new indicator for investor organizations. It is intended to stimulate the utilization of fixed capital, an increase of the shift index, and the liquidation of obsolete plants. Because changes in the volume of fixed capital usually have little effect on the value of this indicator, its influence on the investor's economic activity is limited.

--The "development fund" likewise is intended to serve as an incentive for investor organizations. However, the investor's interest in obtaining resources for the development fund does not have a pronounced stimulating effect because the plan limits the total volume of investments that can be financed with internal resources concentrated in the development fund. With the restrictions on foreign exchange the procurement of advanced machinery and equipment remains a problem, and thus the development fund is used to a considerable extent to finance purchases of machinery that often fails to meet the highest parameters.

--The Set of Measures also emphasized the importance of conceptual development documents, especially of the investment feasibility study, on the basis of which the need for, and the expediency of, an investment project is decided. As before, however, not enough attention is being devoted to the preparation of development studies and other conceptual documents, including the investment feasibility study. The project parameters and economic indicators considered in the conceptual development documents are routinely modified in the course of further preparations and practically always worsen (most often the investment costs, the number of workers, etc. are exceeded). In general it can be established that the upgrading of the investor's (preplanning) documentation has failed to attain the desirable level, in terms of both content and form.

Already in the stage of preparing the conceptual documents, and the investment feasibility study in particular, the investor should be considering which domestic and foreign contractors are able to supply capital goods. Since the programs and time limits within which the investor's intention can be realized are long, the contractors that might come into consideration should have their own long-term concepts of production and marketing, on the basis of which they are able to say already at the time of the feasibility study whether or not the investor can count on their delivery within the anticipated time limit. If it is not realistically possible to ensure contractors, the intended investment cannot be realistic. Therefore it is necessary to overcome already in this stage the present erroneous practice of preparing the plan of investments without specifying the financial volume of investments in terms of their material and physical content. If the financial limits are not to become an illusory and meaningless category, effective harmony between the financial and value aspect of the investment cost and its material and physical content must be monitored from the very beginning.

Thus the development study or investment feasibility study of a given sector or enterprise must become a firm foundation of the future investment plan, in

both the technical and the economic sense. Therefore a qualified collective of research and professional workers from several fields should participate in the preparation of the development study and should be given incentives commensurate with the quality of the study.

--The Set of Measures instructed the central branch organs to solve also the organization of the investor's activity. Entrusting the performance of this activity almost exclusively to constantly newly formed investor subdivisions of the organizations does not contribute toward improving the quality of the investor's work. Therefore they should be concentrated at the VKhJ's [economic production units] or in specialized engineering organizations; they may be left at the investor only if the investor's activity is constant.

All central branch organs of the SSR elaborated in the spirit of the adopted principle their concept of organizing investor activity and are gradually implementing their concept under the 7th Five-Year Plan.

Expected (Planned) Further Changes at the Investor

Thus the Set of Measures presupposes the creation of a system under which it will not be possible to invest without taking into account the investment project's economic results. On its own initiative, therefore, the investor will have to investigate the feasibility of fully utilizing the noninvestment factors of growth (of increasing the shift index, for example).

Most of the tasks ordered by the Set of Measures have been elaborated, but their positive effects have not been able to manifest themselves as yet because of the long-term nature of capital construction (for example, the obligations that the decree on the investment projects' documentation imposes upon the participants in capital construction to improve their cooperation, or the new division of labor in preparing and implementing the working drawings).

Before the issuance of the new decree on the investment projects' documentation, the investor had to supply the working drawings for the building contractor. Often the investor was late in doing so, through not fault of his own. According to the new statutory regulations, the investor's obligations end with providing the preliminary plans, and the working drawings are now the building contractor's concern. This influences the relations among the participants in capital construction: the investor no longer has to worry about the working drawings, and the building contractor gets them directly from the general designer. The positive effects of this simplification of relations (for example, the elimination of the artificial unreadiness of the plans and their faster preparation) will manifest themselves gradually as the documentation is prepared according to the new decree.

Another area in which favorable results can be expected is the incentive to reduce the budgeted costs of the investment projects.

With reference to the Set of Measures it has been achieved that the supervising organs and the financing branches of the bank have intensified their pressure on the investor to keep costs within the budget in the course of the investment project's realization. In the final outcome, however, the bank's efforts to

influence the investor are not very effective; the investor still feels that the investment project is an "allotment" and essentially strives to get as much as possible. The pressure of sections on the investor is ineffective because the investor does not have free choice of contractors and cannot change them, but is forced to tolerate their various demands, even if that worsens the investment project's parameters.

The investor has greater interest to remain within the budget during the investment project's realization because it must cover the higher costs (cost overruns) from its own resources, or from the development fund if there is one. On smaller investment projects the situation is resolved by curtailing the project's physical volume (or by circumventing the regulations; for example, by splitting a project into two or more projects, leaving out the machinery from the budget, etc.). In the case of large projects the investor requests its supervising agency, central agency or the government for approval to increase the budgeted cost and the appropriate financial coverage.

In most cases the question of increasing the budgeted cost is solved outside the scope of instruments that provide financial incentives, in the sphere of direct management, by considering and approving new documentation, by additionally "covering" the increase from the state plan's reserves, from the balance of changes in the plan, at the expense of other projects which will then be unable to start, etc. In other words, there is no instrument that generates an incentive to reduce the budgeted cost through more efficient technical solutions. At the end of 1982 a new incentive was being drafted that would give contractors a share of the actual savings in comparison with the project's approved total budgeted cost. This bonus is expected to be 50 percent of the costs saved.

The amended Commercial Code makes relations among the participants in capital construction more demanding. It does not tolerate the investor's benevolent attitude toward the contractor and may impose penalties on the investor should the latter want to waive penalties against the contractor. The Commercial Code specifies that the investor must transfer to the state budget a penalty of the same amount that it wanted to waive.

The intensification of planning with the resumption of work on the long-range plan through the year 2010 underscores the importance of the quality of conceptual documents of every kind. In this context the suggestion may be considered to introduce the institution of competition for the elaboration of a comprehensively (economically and technically) substantiated development document (investment feasibility study, conceptual document or development study). It would show why and under what conditions the production of a given sector must be developed so that a product on a world level may be produced when the capacity is commissioned, using all the R & D results that are ripe for application and world know-how. This would be similar to the competitions for the best architectural and urban development plans, sometimes even with foreign participation.

The final and perhaps most important comment to investors concerns their status as customers. It would be a mistake to overestimate the importance of the curtailment of investments. The simple fact of a slowdown in development is

sufficient to change the contractor's traditional relationship with the investor. A change can occur only as a result of all the measures that in their sum will mean an improvement of supplier-user relations, including relations among the participants in capital construction. Only when the requirement gains substance that the investor must be the principal factor in the investment process.

General Designer in the Investment Process

The general designer's role is important especially from the viewpoint of its responsibility to ensure that the investment projects fully satisfy society's needs in terms of use value, level of efficiency, and environmental impact. The high productivity requirements that planning and design must meet stem from the necessity to ensure the following:

- Fulfillment of the objectives set in the state capital investment plan; and
- Fulfillment of the construction industry's tasks to strengthen the economy's capital assets base within the necessary time limits, in accordance with the contracts.

Evaluation of the general designer's role is often too critical. The main complaint is that the general designer does not fulfill its social function. The notion seems to persist that the general designer should be a sort of "social arbiter" that in planning and design asserts the macroeconomic aspect, in relation to either the investor or contractor.

Position of General Designer

To efficiently handle from its point of view the process of the investment project's preparation and realization, the general designer strives to minimize its conflicts with the investor that ordered and is paying for the project. Its relations are similar with the contractors that must undertake the project in order to realize it.

The general designer's work and relations are characterized practically in their entirety by the dual nature of these relations: by individual relations with the investor, and individual relations with the contractors.

- Thus the general designer's position differs from that of the investor. The general designer prepares the planning and design documentation and delivers it to its customer (the investor or the contractor). Even though the planning and design of the future fixed capital is creative intellectual effort, the general designer's position is similar to that of the contractor. The general designer assumes a contractual obligation to prepare and deliver the planning and design documentation, whereas the investor does not assume any such obligation, is not a contractor, and is preparing the investment project for itself.

The general designer must safeguard the investor's interests in the parameters of the documentation it is preparing, but at the same time it must take into consideration the investor's possibilities as well. What deliveries should the general designer reckon with, if not the ones that are available? The general

designer often finds itself in a conflicting situation and must cede to the wishes of the investor, and sometimes to those of the contractor, even though these wishes are not in agreement with the general designer's conception. This might lead to the acceptance of a technical solution that is not necessarily progressive but is excessively demanding in terms of the volume of documentation. As a result of this conflicting situation, the general designer in some respects does not fulfill the role it should by virtue of its position.

--The general designer and the investor first establish contact in the course of preparing territorial planning documents (for example, for KBV [comprehensive housing construction] and studies, or when formulating the planning assignment. The investor formulates technically and economically its special requirements for the preparation of the investment project, as an assignment for the general designer. Not every investor is able to correctly forecast the long-range development of demand and to incorporate the basic conditions of the anticipated development into the assignment's formulation. As this is activity of primary importance, it is advisable for the investor to request in due time the skillful cooperation of the general designer and thus to avoid greater mistakes in the preplanning preparations.

Under the 7th Five-Year Plan, a general designer formulates the planning assignment of every major investment project. This does not mean that the general designer is replacing the investor's function, for the investor remains responsible for the preliminary documentation, especially for the efficiency of the proposed solution. But the general designer examines all the external and internal interrelations of the contemplated investment project and defines the project's principal specifications and parameters so that the territorial conditions, the project's foundation, relationship to the wider surroundings, environmental impact, technological concept, etc. may be met. The general designer prepares a realistic estimate of the costs that the investment project will require, and also of the construction time.

In spite of the general designer's efforts, the desired quality of the preplanning documentation has not been achieved even under the 7th Five-Year Plan. Its problems often are carried over into the planning and design phase. But in the preplanning preparations the investor certainly cooperates closely with the general designer as its technical and economic consultant.

--The demand to improve the quality of the planning and design solution simultaneously sets requirements for increasing the effectiveness of the general designer's work in relation to the investor and the contractors, on the technical and economic questions of the project's solution. The general designer's previous attitudes in this sphere can be said to have remained unchanged. With the investor not very demanding and the contractors' position the dominant, the general designer has no interest to seek new and often more complicated solutions and thereby to create conflicts, especially with the contractors.

New Provisions Regarding the General Designer's Activity

A series of institutions included in the management system for the 7th Five-Year Plan is intended to strengthen the general designer's position, and to improve its activity and cooperation with the investor and contractors.

On each planning assignment the general designer prepares for the investor its own standpoint, even if the general designer itself formulates the planning assignment. When the planning assignment is being formulated by the general designer, it is able to easily "uncover" possible shortcomings in the investor's concept, expressed in the investment feasibility study or in the investor's other documents and instructions that are binding for the general designer. If in the course of further work the investor does not change its original view regarding the solution of the planning assignment in accordance with what the general designer has uncovered, and the general designer is unable to proceed with the processing of the planning assignment on the basis of its own idea or conception, it still has an opportunity to express its reservations in its standpoint on the planning assignment. In its standpoint the general designer must evaluate all aspects of the proposed planning assignment: its completeness, expediency, economic efficiency, construction time, the feasibility of maintaining the planning assignment's parameters in the planning and design documentation, or possible reasons why the parameters cannot be maintained.

Thus the importance of the general designer's standpoint is that it offers the general designer another opportunity to call the investor's attention to possible shortcomings before work starts on preparing the planning and design documentation, to influence the investor so that it may intervene in the further preparation of the investment project. Assertion of the general designer's standpoint in this constructive but critical direction is not without its problems. The investor usually strives to order the planning assignment from the future general designer so as to ensure the latter's cooperation on the further preparation of the investment project. The general designer is subjected inevitably to pressure from the investor, its customer (and usually also its superior organ). Thus the investor is even less willing to accept the objections in the general designer's standpoint on the already formulated planning assignment than the objections raised during the formulation of the assignment.

There is also the additional fact that in the case of mandated and centralized investment projects the general designer's organization is entitled to charge a premium for a qualitatively better solution proposed in the preliminary plan as compared with the planning assignment, but it must yield a penalty price reduction if the proposed indicators are worse. The penalty price reduction cannot apply to the general designer if the indicators on which the qualitative evaluation of the general designer's activity is based were underestimated in the planning assignment even though the general designer called attention to this in its standpoint on the planning assignment. Thus the general designer is able to prepare its standpoint on the planning assignment so as to avoid a possible penalty price reduction (but there is no incentive to formulate the planning assignment well). To the contrary, the general designer has an incentive to formulate and to gain acceptance of a planning assignment that enables it to improve the preliminary plan's indicators over the planning assignment. It is to the general designer's advantage to achieve the best possible economic results in its planning and design activity. All these circumstances have a negative effect regarding the quality of the general designer's standpoint on the planning assignment.

General Designer's Cooperation With the Contractor

Active cooperation between the general designer and the contractor, already in the stage of the preliminary plan that solves the project's concept, is one of the prerequisites for successful planning and design.

Up to now the established practice has been for the contractors to participate only marginally in preparing the concept of the investment project's solution. Since 1982, it has been the duty of the participants in capital construction, and primarily of the contractors, to discuss with the general designer the concept of the preliminary plan's technical, economic, architectural and artistic solution during the course of preparing the preliminary plan (and not merely when it is already finished). For such discussions to be successful, the contractor enterprises must be able to actively and creatively cooperate on the preliminary plan's preparation.

In the course of preparing the preliminary plan, the general designer is then able to devote itself to coordination, and the contractors have an opportunity to ensure their production conditions for the investment project's timely realization. This procedure can be suitable for all the participating partners, and useful for the realization of the investment project and its final result.

Such cooperation makes the investor's situation easier when ensuring the deliveries by contracting, because the investor obtains information about the technical, economic and scheduling interrelations among the future deliveries and contractors. Possible conflicts can then be resolved already in the course of preparing the preliminary plan, and not at the end when this plan is being approved (when it might be necessary to revise the entire preliminary plan). The prerequisites are thus created for rapid and efficient progress in construction also by the fact that it is left up to the general designer to choose a suitable stage of elaboration for discussing the preliminary plan's conceptual solution.

The new measures are expected to provide the basis for rapid preparation of good quality, at a minimum expenditure of social labor.

Building Contractor's Participation in Planning and Design

The preparation of working drawings for the construction part of an investment project has long been a controversial question. The practice up to 1982 was that the investor supplied the contractor with working drawings. In many instances the general designer was late in delivering the working drawings, for which the contractors (justifiably) penalized the investor. Since 1982, the working drawings are a mandatory part of the building contractor's performance.

The building contractor is not obliged to have the working drawings prepared by its own personnel; the general designer may prepare them for the building contractor. It should be pointed out, however, that the adopted solution is only a temporary one and development will proceed in the same direction as in the GDR, for example, where about two-thirds of the planning and design capacity is concentrated at large construction combines for engineering, industrial and housing construction.

However, a change in the scope of the individual stages of the investment projects' documentation is a prerequisite for transferring the planning and design capacities to the construction enterprises. In the GDR the stage of preparation ends with the documentation for the so-called basic decision. This documentation contains the principal indicators for ensuring the material and financial resources, the structural-engineering and municipal-planning solutions, and the schedule for the investment project's realization.

Within the framework of this documentation the contractor is obliged to make a binding offer regarding work and deliveries. This offer is simultaneously a declaration of the contractor's readiness to conclude a contract for work and deliveries for the entire period of the investment project's realization. Translated into our terminology, this means that the preliminary plan must be prepared in sufficient detail to allow the conclusion of a contract with the contractor regarding the cost of sales. It will then make real sense to have the building contractor prepare the working drawings.

Price Incentive for the Quality of the Planning and Design Solution

The conditions are being created under the 7th Five-Year Plan for improving the quality of the planning and design preparations. Up to now the organizations have aimed first of all to prepare the planning and design documentation by the specified time limits, but alternative solutions, studies and comparable variants of the sets of technical and economic indicators have not been prepared on a sufficient scale.

Personal incentives, based on the quality of the work performed, have been introduced at the planning and design organizations under the 7th Five-Year Plan. New rules apply to the formation of the basic and the incentive components of wages payable, and there are new rules also for paying bonuses and performance premiums to the heads of the planning and design subdivisions and to creative technical workers.

The prerequisites are being created for basing the designers' remuneration on the technical and economic level and efficiency of the investment projects, on minimizing the investment intensity, on the comprehensiveness and realizability of the planning and design parameters, and on remaining within the investment project's budget. Enterprise incentives and disincentives are being provided in the form of premium pricing and penalty price reduction for the attained quality of the preliminary plan over the planning assignment. A surplus of premium prices over price reductions influences profits, which in turn influence the wages payable at the planning and design organizations.

The Contractor in the Investment Process

Of the three participants, the contractor plays the dominant role during the investment project's realization when, among other things, all the weak spots in the preparations become apparent. The contractor's dominant position is not affected even by the fact that, in the absence of a single contractor for the entire investment project, the investor and its organizational subdivision coordinate the investment project.

Even though the volume of investment has been curtailed under the 7th Five-Year Plan and the task has been set of concentrating the contractors' capacities on accelerating the completion of important productive investment projects, the contractor organizations are fulfilling the plan's tasks and their contractual obligations only with great effort.

To a large extent this situation is influenced also by the contractor's monopoly, which affects their relations with their partners:

--The inevitability of intensive cooperation between the investor and the contractors stems not only from the need to place within a certain time frame the deliveries of the required technical level for the individual investment projects, but also from the urgency of gradually achieving a maximum balance between the requirements of the investment plan (i.e., the volumes on the projects included in the investment plan) and the capacities of the contractor enterprises, in terms of total volume and structure. The purpose of close cooperation in the stage of preparing the investment project is also mutual verification of the soundness of the investor and general designer's concept.

In the stage of elaborating the preparatory documentation the investor often does not find a contractor and cannot conclude a contract for preparing the deliveries or for the investment project's organizational preparation. In the stage of elaborating the preliminary plan the contractors' participation is more active, but there often remain loose ends in the relations between the subcontractors and the prime contractor, in defining the scope of future deliveries, and especially in the higher forms of contracting.

--A specific feature of the relations between investor and contractors is that the investor's direct contractors cooperate predominantly through the investor. Therefore it often happens that nonfulfillment by one contractor appears as nonfulfillment by the investor. This arrangement of relations does not compel the contractors to cooperate mutually and to try to resolve jointly the various problems that are inevitable on every large investment project.

--The contractor organizations often attempt to shift on the investor some of their own obligations, or to take advantage of their position in some other way.

The tendency to shift on the investor some of their own obligations is widespread especially among building contractors. They demand, for example, that the investor ensure subdeliveries or assume other obligations, even ones that cannot be fulfilled, or they specify for themselves incommensurately high penalties. In many instances the investor assumes obligations that are declared to be a condition for concluding the contract but are actually the contractor's obligations. The contractors take advantage of the nonfulfillment of the obligations forced on the investor in this manner, using it as an excuse for delaying the stipulated completion date.

--Deliveries for capital construction are supplied by a considerable number of contractors, and the several levels of contractors and subcontractors explain the complexity of capital construction. The investor's contractors are simultaneously the customers of their own subcontractors and they themselves feel

the negative effects of contractor monopoly. The difficulties of contractors on capital construction projects are the greater because many subdeliveries are clarified technically only in the course of preparing the working drawings.

Under our conditions we, too, should adopt the view that the investor's intentions and the approved plan of suppliers (the so-called investment complex of suppliers), in which the subsuppliers and manufacturers must participate already with deliveries of raw materials, supplies and semifinished products, must be flexible and continuous within the entire complex so that final production of the investment project may be realized in the shortest possible time, with the necessary number of intermediate stages. The concept of investment complex was formulated in the Soviet Union and expresses better investment relations than does our trio of participants. It is estimated that in housing construction, for example, the deliveries by building contractors to those by other suppliers are in a ratio of 100 to about 140. In industrial construction this ratio is about 100:300.

If in the entire investment complex a pronounced imbalance and lack of continuity are evident between suppliers and customers (in the raw-material, supplies and semifinished-product stages), this is necessarily reflected in the random course of the final stage of investment and of placing the fixed capital in operation.

It would be expedient to consider such an investment complex at the level of central planning and management. Changes in the macrostructure of investment --for example, a shift to faster completion, curtailment of new starts, a new structure of sectors or areas in investing--are not merely financial changes in the structure of investment; they also have an entire corresponding complex of physical structures, capacities, materials, skills, domestic products and even foreign imports.

The decision to limit the volume of investment in new starts and to increase the completion of unfinished investment projects has not resulted in the desired acceleration of the projects' completion and in a reduction of the volume of resources tied down in capital construction. This is evident from the data on the capital construction projects with budgeted costs exceeding 2.0 million korunas (including comprehensive housing construction, but without the community self-improvement projects) realized on the territory of the SSR in 1980-1982 (in billion korunas):

	<u>1980</u>	<u>1981</u>	<u>1982</u>
Budgeted cost of all new starts	176.1	168.9	174.4
Balance of budgeted cost	82.7	72.5	70.3
Volume of unfinished construction	51.3	56.5	60.8

As evident from the above data, the trends in 1982 remained the same as in the preceding years. The volume of new investment starts remained practically at the 1981 level, the balance of budgeted cost declined further, but the volume of unfinished capital construction rose because the plan for the commissioning of new fixed capital was not fulfilled. The planned volume of work and deliveries was not concentrated sufficiently on completing the projects, and the entire "investment complex" was unable to adapt to the required change in the

structure of its work. Adaptation of the structures within the "investment complex" always requires a certain amount of time because this always involves the curtailment or expansion of various types of production and services (the capacities required for investment starts are different from the ones for the completion of the projects).

The combine form of organization is employed in several socialist countries (in the GDR and Hungary). The combine is an integration of enterprises that undertake to realize within the stipulated time limits the entire investment project or its part that cannot function independently and meets all the economic indicators specified in the contract. The combine is fully accountable for meeting all the economic indicators regardless of whether it prepares all or a part of the planning and design documentation for the given capital construction project (decree of the Hungarian Council of Ministers No 7 of 1978).

This method of contractual relations offers suitable advantages for both the investor and the combine. The investor is in direct contact with only one enterprise, the combine. And it is in the latter's interest not to seek various excuses because the combine is able to enjoy the special economic advantages of integration only if it fulfills without failure the task specified in the contract, or if it fulfills this task sooner, better, etc. Which in practice means that the combine is fully responsible for realizing the investment project entirely in accordance with the contract, on schedule and within the budget. It then pays the investor to offer an appropriate special bonus for realizing the investment project faster, better and at lower cost.

In exchange for the increased responsibility and risk, the enterprises and the combine have special economic advantages, including financial concessions. For example, the possibility of obtaining advances, or of paying the subcontractors for the fulfillment of their obligations on the basis of a lump-sum invoice whose validity is not limited in terms of time. The participating partners may freely agree in advance on a so-called special combine bonus.

To provide more incentive for subcontractors, the combine may offer a final or special bonus and divide it among the subcontractors if they fulfill without failure and well all the conditions stipulated in the contract. Or for accelerating capital construction, the combine may offer the subcontractors a premium for speed.

An especially important advantage of the combine is that it unifies the interests of the designer and contractor. However, an essential condition is that the contractor must be kept informed about the planning and design documentation already in the stage of its preparation. This enables the contractor to procure already in the stage of the planning and design documentation's preparation the materials that are in short supply; and in the case of supply bottlenecks the designer is able to modify the planning and design documentation in a way that will guarantee the timely procurement of all the necessary materials.

The combine method of capital construction also makes the designer's own work easier because the planning and design documentation can be prepared for a known contractor. In case of new technical solutions, the latter is able to

prepare in advance for their realization, and all problems can be eliminated through mutual cooperation.

Under our present conditions contractors do not have adequate disincentives, or are not fined commensurately, for delays and slippages. In the case of priority projects, since 1980 the contractors' costs may not be paid if the time limits set by the government for completing the projects or placing the capacities in operation are not met. In the case of other capital construction projects the bank imposes penalties primarily on the investor, and therefore these penalties are not very effective.

The regulations now in force enable the investor to shift the fines and penalties to the contractor (to the extent that the contractor was at fault). These efforts often are ineffective, for the following reasons:

--An attempt to shift the fines and penalties to the contractor is often the reason for the worsening of relations between the partners, for the contractor's abandoning the capital construction project, or for his unwillingness to accept further tasks.

--The contractor can attribute nonfulfillment to a number of objective reasons, which the investor in most cases is unable to verify.

--It is in the investor's own interest not to let fines and penalties disrupt mutual relations.

As a result, the investor strives to have the penalties that the bank and the supervising organ impose reduced, by accommodating the contractor as much as possible (by helping and defending the contractor, or by obtaining an exception for the contractor).

The Set of Measures for Improving the Planned Management System of the National Economy After 1980 anticipates the application of economic incentives for the contractors to speed up the completion of capital construction projects. The forms of active stimulation to shorten the construction time of individual projects were elaborated at the end of 1982 for the cases in which stimulation is warranted and will not result in lengthening the construction time of other projects. In 1981-1982, however, there has been a planned slowdown of certain projects, and therefore it is considered expedient to concentrate efforts on completing the capital construction projects on schedule.

Economic incentives and even fines will not be effective until there is greater economic proportionality in the area of investment. Only then will it be possible to use customary economic incentives to perfect investment activity.

MORE INTENSIVE R&D IMPLEMENTATION IN AGRICULTURE URGED

Bratislava EKONOMIKA POLNOHOSPODARSTVA in Slovak No 11, 1983 pp 481-483

[Article by Stefan Studeny, deputy minister of agriculture and food of the SSR: "To Implement R&D More Vigorously"]

[Text] Our achievements in the implementation of R&D over the past years are not negligible. In comparison with the world standard, several of our branches have reached a respectful solid average and some of our products are up to the world standard. "Nevertheless, there still exist untapped resources and opportunities as well as the most various shortcomings in the operations of the R&D base and in production." These words were expressed in the report by the Presidium of the CPCZ Central Committee before the Eighth Plenum of the CPCZ Central Committee entitled "On Accelerating Practical Application of R&D Achievements."

Also, the employees of the Ministry of Agriculture and Food have achieved remarkable success in production during the period between the 14th and 16th CPCZ Congresses. Our grain crop cultivation and poultry and hog farming may be justly compared with Europe's best. The R&D base of our ministry deserves considerable credit for those results, particularly for the acquisition of biological materials of good quality. Our food production also progressed in the implementation of modern technologies and innovation of products. Notable results were achieved in the production of prepared baby and infant food on the basis of milk, vegetables, fruit and meats, and also in the production of low-calorie foods and beverages.

The degree of our self-sufficiency in food production did not decline in spite of a higher consumption of animal products. The grain crop production has been rising distinctly in every 5-year plan.

Despite an absolute and relative decline in the acreage of our arable lands, its share is roughly 61 percent, with expanded areas of permanent grasslands, especially pastures. The overall agricultural economy has been affected to a major degree by the slow increase in the production of bulk fodder. Thus far the problems of their efficient harvesting, particularly in mountain and hillside areas, and their efficient conservation with lower fuel and energy consumption could not be fully resolved, nor could advantageous conditions be created for substantial reduction, if not complete elimination, of the

still considerable technological losses. This will remain the central problem in the coming period, along with intensified fodder production and the unavoidable structural changes in our agricultural and food production.

To implement and, at the same time, to increase R&D efficiency is the underlying effort for specification and application of the decisions proclaimed by the Eighth Plenum of the CPCZ Central Committee.

The measures adopted in that conjunction thus proceed from a thorough analysis of the current situation in the R&D base of our ministry as well as from the selection of key problems in agricultural and food production thus far, from the quality of their solution and from the scope of practical implementation of R&D results thus far.

Prerequisites for higher research efficiency are being created already in the process of planning and creating a uniform plan for R&D development. Its contents and structure are even more focused on programmed application of research achievements in the fulfillment of the tasks for the Seventh and Eighth 5-Year Plans. Of the research tasks involved in the Sixth 5-Year Plan, 133 primary implementation projects with a total volume of Kcs 2.3 billion will be gradually implemented during the Seventh 5-Year Plan. Areal implementation of research achievements proceeds by means of the application of comprehensive crop systems in crop cultivation and by developmental programs of individual branches of our livestock and food production.

Our primary strategic task is to provide for our population rational nutrition as much as possible from our own resources and to maintain high quality and efficiency of production and consumption. Agricultural production is still our vital source of food production. Therefore, the strategy for the coming years compels us to protect our agricultural land resources and to improve them systematically and even more intensively and carefully than before. Research is focusing attention on improving soil productivity, on rational systems of soil management, optimization of water economy and on a more economical approach to technological operations and treatment of our lands. More efficient fertilizers, microelements and stimulants as well as the optimum structure of fertilizers and organic manure for higher humus contents and recycling of substances in the given soil management system will be sought for integrated crop nutrition. The soil-water relation will also be resolved in large natural territorial units of the East Slovakia lowlands, in Zahorie, the Ipel River region, the flysch zone and mountain areas as well as in the Zitny Ostrov, particularly in conjunction with the Danube River waterworks and protection of our largest underground reservoir of potable water. Photographic air survey and space research will be used to a greater extent for those purposes.

The achievements of research in the sector of agricultural land reserves thus far helped comprehensively upgrade soil productivity on a 35,000 hectare area, which means a Kcs 44.5 million annual increase in production. More than 100,000 hectares of land will thus be improved before 1985.

Comprehensive results of research on irrigation are being applied for systematic construction of irrigation systems in the Seventh 5-Year Plan over an area of more than 70,000 hectares, on the premise that the production on the irrigated area will be increased 10-15 percent and that the per hectare harvests will become more stabilized. Enterprises with irrigation systems on 30,000 hectares harvested up to 7 t.ha⁻¹ of wheat, 9 t.ha⁻¹ of maize for grain, 60 t.ha⁻¹ of sugar beets, and 18 t.ha⁻¹ of hay from multiannual fodder crops. Before 1985 comprehensive research focusing on the above-mentioned parameters will take place on an acreage of 60,000 hectares of irrigated lands. For the construction of irrigation systems 10,500 PP-67 irrigators have been delivered. Since 1981 the newly designed, more efficient PZT-90 irrigators have been available.

In the important, large area of the East Slovakia lowlands a bioproject and scientifically planned agricultural systems will be implemented on the basis of research achievements.

Challenging tasks are concentrated in crop production, which is our key branch fulfilling the strategic task of achieving self-sufficiency in food production. Attention is focused on the study of a complex of biological and biotechnological methods for intensification of production in order to increase the production potential of hybrids of individual crops and their resistance to unfavorable weather conditions, vermin and disease, and to improve their nutritional and technological qualities in general.

The program of comprehensive cultivation systems producing cereal crops without irrigation aims at harvesting 7 t.ha⁻¹ of wheat on an acreage of 80,000 hectares, 8.5 t.ha⁻¹ of maize on 60,000 hectares, 6.5 t.ha⁻¹ of barley, 2.5-3 t.ha⁻¹ of legumes on 10,000 hectares, 10-12 t.ha⁻¹ of multiannual fodder crops on 120,000 hectares, 22 t.ha⁻¹ potatoes on 20,200 hectares, and to produce 5-6 tons of refined sugar per hectare from sugar beets grown on 35,000 hectares.

To achieve the above-mentioned parameters, 4 hybrids of wheat, 1 hybrid of spring barley, 4 hybrids of sugar beets, 6 hybrids of legumes and 2 hybrids of maize were developed.

At present a fundamental part of the R&D base of crop cultivation has been integrated in the Slovosivo VHJ [economic production unit] research-production association. To upgrade the efficiency of R&D even more, it is imperative to organize a research center for agricultural crop production. Above all, the cross-sectional scientific disciplines, such as genetics and phyto-physiology, biochemistry, etc., and expensive, unique technological laboratories, which will include the construction of a phytotron, will be concentrated in that leading research center.

The point of gravity for research of livestock production is increasingly shifting to the areas of biology, genetics and immunogenetics, with the objective of extending the limits of the capacities in livestock production. Concurrently with the expansion of the utility potential, the emphasis in the improvement and hybridization program is on natural resistance to diseases in mass production technologies.

At this time there are 170,000 milch cows of improved breeds with higher milk production--320-700 kg--and this figure will rise to 205,000 milch cows before 1985.

The number of sows of the new improved Slovak white breed will be increased from the current 4,500 to 25,000. The results of our own research facilitated the construction of our first institute for transplant of embryos at an early stage; its capacity will be 500 of the most-production milch cows in Slovakia. Transplants are scheduled to begin in 1985.

The challenging tasks in zootechnical research cannot be met without improving the quality of its organizational structure, particularly by concentrating its research potential and management, along with specialization of its individual stations.

R&D will also implement mechanization and construction in our agriculture more vigorously. Research will focus on acquisition of new data from the area of correlation of the natural environment and machine technology. Special attention will be devoted to the development of equipment with comprehensive systems to minimize the negative effects of technology on the structure of the soil, plants and environment, as well as harvesting losses. More attention will be paid to the mechanization and automation of operations, especially in livestock production, such as removal of manure in stables, which is distasteful for the workers. Analogically, next to the fully mechanized operations in crop cultivation, replacement of manual labor still remains below the average in certain jobs.

Shortages of some machinery manufactured in limited areas will be eliminated because it is anticipated that it will be produced by a research-production association to be organized in research institutes and selected agricultural organizations equipped with the required cadre and R&D capacities. Research and production proper will also include selected improvement suggestions and inventions.

In the sense of decisions pronounced by the Eighth Plenum of the CPCZ Central Committee, the general points of departure for strategic objectives in R&D of our food industry proceed from its intrinsic position in supplying food for our people. As the transforming link in production that connects the agricultural production with the distribution sphere, it creates practically a holistic structure of nutrition on the basis of scientifically approved and recommended nutritional standards and, at the same time, it must specify the requirements of rational nutrition and apply them in agriculture. At present this involves completion of the plan for a modern nutritional model from which a production model will be directly derived. This model fully utilizes the latest scientific data on rational nutrition and, by the same token, also the opportunities of our agriculture in relation to its program of self-sufficiency.

From the perspective of rational nutrition it is appropriate not to increase the caloric intake of food per capita significantly. In the coming period our meat consumption will rise only very slightly. The quality of consumed food

will be improved mainly by higher consumption of fruit and vegetables, whole-grain cereal products, legumes and potatoes, where the per capita nutritional requirement thus far has not been met. It appears that before the end of this century every citizen should consume annually approximately 90 kg of the 4 basic types of food--cereals, meat, potatoes and vegetables.

Objectively, R&D is focused primarily on innovation of production and technology, better quality and utility values of the products, and on prolonging their durability and freshness. At the same time, methods are being sought to scale down our dependence on imports and to raise the export potential of our production. The program of technological innovations is focused on maximum continualization and automation, on the introduction of microprocessors, and on waste-free utilization of raw materials and systematic conservation of materials, fuels and energy.

In the first years of the Seventh 5-Year Plan R&D developed for our production 141 new products worth Kcs 464 million. In 1984-1985 there will be about 250 products, whose projected value is Kcs 1,020 million.

As a result of the achievements of research, a pilot plant for the production of alpha-amylase enzyme was opened in Dolna Krupa. The biotechnological program is planning to complete the reconstruction of the production plant in Dolna Krupa during the Seventh 5-Year Plan and to expand substantially the production capacity by completing the reconstruction of a plant for the production of pectinase and to build a new plant for enzyme production in the Eighth 5-Year Plan.

A biotechnical center for food industry will be organized for more extensive increase in the use of biotechnologies and more successful coordination of operations in production with research. Among its several sectors will be a department for improving industrial production of microorganisms, an enzyme engineering department, a biotechnological pilot plant for the production of beverages, technical microbiological and biochemical laboratories, etc.

It would be impossible to meet the challenging tasks in increasing R&D efficiency without further intensification of international R&D cooperation. In this respect the form of international problem-solving research collectives and international research institutes will be exploited to a greater extent. For instance, a proposal is now being drafted to authorize the Livestock Production Research Institute in Nitra to coordinate controlled livestock replacement within the CEMA states. Furthermore, it is anticipated that the form of training practice will be used far more in order to study the achievements of world sciences. Thus, we shall cooperate with the USSR researchers in improving new, highly productive wheat hybrids, in developing virus-free substances, large poultry farms, new technological processes for renovation of spare parts, repairs and diagnostics, in introducing and using microprocessors, robots and manipulators, in upgrading and automating waste-free fermentation technology, in the field of microbiology, hydrolysis, etc.

It is assumed that this cooperation will help develop new, more frost- and disease-resistant cereal hybrids producing 8 t.ha⁻¹, and legumes producing

3 t.ha⁻¹. Improved hybrids will be grown in the CSSR on 30 to 35 percent of the cultivated lands.

The point of gravity in the cooperation with the Hungarian People's Republic will be focused particularly on improvement and production of maize, vegetables and poultry. Our cooperation with the GDR researchers will concentrate on improvement of resistant, highly productive potato hybrids, the use of genetic banks in livestock production, development of milk products, etc. Our cooperation with the Bulgarian People's Republic and other socialist countries will be developed and intensified along the same lines.

The volume of the production based on licenses amounted to Kcs 213 million in 1982. According to the projection, 6 licenses will be acquired in 1984 and 10 licenses in 1985, with an anticipated volume of license production of Kcs 237 million.

In the above-mentioned area, licenses that do not require extensive imports of machinery and that are oriented toward the socialist states will be preferred; advantageous licenses from the nonsocialist states will still be used.

Basic tasks in the development of creative technical initiative in the branches of agriculture and food call for expanding the contribution of inventors and improvers to R&D, particularly in production. Before 1985, 12,000 improvement proposals and 100 inventions will be introduced annually, as compared with 10,027 improvement proposals and social profits of Kcs 423.7 in 1982. Therefore, inventions and improvement proposals will be economically and socially promoted with greater emphasis. This calls for better goal-oriented organization and intensification of cooperation of economic management, in particular with the ROH [Revolutionary Trade-Union Movement], CSVTS [Czechoslovak Scientific and Technological Society], SZM and other public organizations.

Among the key tasks for generally upgrading the efficiency of R&D in the Ministry of Agriculture and Food is translating R&D data into reality. At the same time, necessary material, financial and cadre conditions will be provided for systematic application of primary outputs in designated enterprises.

We are taking steps to make provincial stations with lands situated in individual production areas and integrated in the Agrokomplex VHJ in Nitra and the Institute for Scientific Management System function as the basic unit for systematic implementation of R&D in agricultural enterprises. Approximately 25-26 such stations will be authorized to serve as centers for planning and coordination of the material-technical input in contractual application of technological systems. Organizations of biological and technical services will also participate in such agreements.

Special economic regulations will be stipulated for the coordinating organizations, involving profit-sharing in consumer organizations, methods of financing, foreign exchange, and material personal incentives.

Topical exhibits arranged by the Agrokomplex are an important form of promoting new information. In the framework of measures for upgrading this form of instruction, the construction of permanent year-long exhibits will be gradually completed.

A whole number of other industrial ministries in our national economy share in supplying food for our people; some of them, for example, the ministries of general engineering, electrical engineering, metallurgy and heavy engineering, construction and chemical industry, and some others, literally hold the key position in providing R&D for the Ministry of Agriculture and Food. It would be impossible to improve its efficiency without further intensification and more thorough interrelation of the plan for R&D throughout our agroindustrial complex.

The conclusions of analyses of R&D efficiency in our agriculture and food industry thus far, conducted according to the decisions adopted by the Eighth Plenum of the CPCZ Central Committee, indicate that it is imperative to intensify systematically research and the R&D base in terms of material and technology, particularly in new scientific disciplines, and, at the same time, to improve its cadre and organizational structure. It is imperative to upgrade personal qualification and material incentives as well as employee responsibility for flexible solutions of urgent practical demands in the areas of science and R&D.

9004

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GERMAN DEMOCRATIC REPUBLIC

AGRARIAN PRICE REFORM ORDERS

Producer Prices to Individuals

East Berlin GESETZBLATT DER DEUTSCHEN DEMOKRATISCHEN REPUBLIK in German Part I
No 8, 21 Mar pp 85-92

[Order No Pr 430 of 31 January 1983, signed by Dr. W. Jurich, state secretary for Supply, Ministry for Trade and Supply and Dr. M. Domagk, state secretary, Office for Prices]

[Text] Article 1 - Principles

(1) This order regulates the producer prices charged by individual producers (referred to as purchasing prices) in the reciprocal relations between individual producers and the purchasing enterprises of VEB wholesale trade for fruit, vegetables and eating potatoes, or with enterprises and facilities charged with purchasing (referred to as purchasing enterprises) as well as price increases and reductions.

(2) The producer prices set down in this order neither change the consumer prices for the population nor may such changes be made on the basis of this order.

Article 2 - Range of Application

(1) For the products under codes* 312 31 10 0 (eating potatoes); 312 50 00 0 (vegetables), except for 312 56 00 0 (vegetable legumes, pulp fruit, edible beets, root vegetables [seed crop]), 312 57 00 0 (leafy, stalk and bulbous vegetable [seed crop]), 312 58 00 0 (cabbages [seed crop]), and 312 59 00 0 (vegetable plants); 312 61 00 0 (fresh fruit); 312 62 11 0 (walnuts); and 312 62 12 0 (hazelnuts), the producer prices in this order go into effect as to Appendix 1 with their price increases and reductions.

(2) The producer prices go into effect for all individual producers for deliveries of products as to Paragraph 1 to the purchasing enterprises.

*The codes listed come from the production and performance nomenclature of the GDR Part IV, new issue 1973, first to ninth supplement, status 1 January 1983.

- (3) Individual producers in terms of this order are
- members of VKSK (Union of Small Gardeners, Settlers and Small Livestock Breeders),
 - personal plots of the members and workers in the LPG's (agricultural producer cooperatives) and GPG's (horticultural producer cooperatives),
 - facilities of social organizations engaged in side line horticulture (e.g., pioneer groups, schools), and
 - other side line producers.

Article 3 -- Producer Prices

- (1) The producer prices set down in Appendix 1 are minimum prices. Dropping below them is not permitted.
- (2) Producer prices for cultures not named in Appendix 1 have to be obtained from the deputy chairman of the bezirk council for trade and supply at the main department for prices under the Ministry for Trade and Supply. A price application must be accompanied by a proposal on the level of the producer price and the retail trade sales price (EVP), coordinated with the chief of the price department of the bezirk council.
- (3) Producer prices for grades not detailed in Appendix 1 have to be established by the deputy chairman of the bezirk council for trade and supply in concurrence with the chief of the price department of the bezirk council for any given territory.
- (4) The price group assignment for fruit is governed by the assortment list as to Appendix 2.

Article 4 - Price Increases and Reductions

- (1) For the deliveries of fruit and vegetables from individual producers, price increases up to 10 percent of the prevailing producer prices are granted, if their purchase was agreed on beforehand with the purchasing enterprises. Such accords have to establish the delivery time frame (month/calendar week) and the amount of fruit and vegetables to be delivered. The level of the price increase to be paid is decided by the deputy chairman of the bezirk council for trade and supply in concurrence with the chief of the price department of the bezirk council.
- (2) When individual producers sell fruit and vegetables directly on markets or through other ambulatory sales within the scope of territorial self-supply, centrally or locally established EVP's may be exceeded by 10 percent. With regard to concrete supply and sales conditions, the deputy chairman of the bezirk council for trade and supply, in concurrence with the chief of the price department of the bezirk council, sets down the cultures and time frames for which exceeding the EVP is authorized. In an EVP below 0.50 M/piece/bunch/kg, the price increase may be rounded off to a full 0.05 Marks per volume.
- (3) If no special producer prices are set down for grade B, they are computed as a 30-percent discount of the grade A producer price, for grade C, by taking at least 50 percent off from the grade A producer price.

Article 5 - Pricing and Grade Determination

Producer prices come free on purchasing enterprise receiving department and apply to products at mandatory standard grades.

Article 6 - Other Provisions

(1) In accordance with concrete production and supply conditions, in the operative price setting for specific cultures or specific price time frames, the producer prices as to Appendix 1 may be raised by the Minister for Trade and Supply in concurrence with the chief of the Office for Prices and the Minister for Agriculture, Forestry and Foodstuffs or within the scope of the responsibility assigned to the bezirk councils by the deputy chairman of the bezirk council for trade and supply and with the concurrence from the chief of the price department and the chief of the agriculture and foodstuffs department of the bezirk council.

(2) For early vegetable varieties such as cauliflower, white cabbage and savoy, leafy kohlrabi, young eating carrots, head lettuce and spring onions, the pricing time frames as set down in Appendix 1 may be extended by two calendar weeks in the bezirks of Rostock, Schwerin, Neubrandenburg, Karl-Marx-Stadt, Gera and Suhl. Pricing time frame extensions are decided by the deputy chairman of the bezirk council for trade and supply in concurrence with the chief of the price department and the chief of the agriculture and foodstuffs department of the bezirk council.

(3) The deputy chairman of the bezirk council for trade and supply has to see to it that the producer prices in force for the various pricing time frames are promulgated in good time.

(4) Legal price regulations apply to small volume deliveries.*

(5) Retail trade outlets and other facilities acting as direct buyers (e.g. plant kitchens, kindergartens, bakeries) upon request receive their price differentials from the competent VEB wholesale trade for fruit, vegetables and eating potatoes if the producer price exceeds the wholesale sales price. The differentials must be kicked back by above mentioned facilities if the producer price lies below the wholesale trade price of local wholesale trade.

(6) For fresh fruit and vegetables bought up by retail trade sales facilities which can assume no supply effectiveness, however, the competent VEB wholesale trade for fruit, vegetable and eating potatoes is duty bound to accept appropriate volumes. The retail trade enterprise is then entitled to the producer price and the retail trade time frame.

(7) Regulations on the payment and kickback of differentials are to be issued by the general director of the central economic association for fruit, vegetables and eating potatoes.

*Order No Pr 428 of 31 January 1983 on wholesale prices and trading time frames for fresh fruit and vegetables (GBL special issue No 1116).

Article 7 -- Concluding Provisions

- (1) This order goes into effect on 1 January 1984. It affects contracts in force and all deliveries made at the time it goes into effect.
- (2) When this order goes into effect, the following are rescinded:
 - (a) Order No Pr 215 of 27 December 1977 -- Purchasing Prices for Fresh Fruit and Vegetables from the Sector of the Smallest Producers (GBL special issue No 950), and
 - (b) all price catalogues complementing, and on the basis of, the price regulation as to letter (a) and price regulations issued by the chiefs of the price coordination organs. In effect at this time is order No Pr 304 of 7 December 1979 on the nomenclature of the price coordination organs (GBL special issue No 1008).

Appendix 1

Producer Prices as to Article 3 Paragraph 1

I. Vegetables

A. Cabbage

1. White Cabbage

Calendar Week	Unit kg	Producer Price M/per volume Grade A
up to 24th (new crop)	100	60.00
25th	100	50.00
26th	100	36.00
27th/28th	100	25.00
29th-34th	100	20.00
35th-52nd	100	15.00
53rd/1st-3rd	100	18.00

At the fourth calendar week the producer price of 18.00 M/100 kg increases weekly by 1.40 M/100 kg.

3. Savoy

up to 24th (new crop)	100	70.00
25th	100	50.00
26th-50th	100	30.00
51st-3rd	100	32.00

At the fourth calendar week the producer price of 32.00 M/100 kg increases weekly by 0.80 M/100 kg.

2. Red Cabbage

Calendar Week	Unit kg	Producer Price M/per volume Grade A
up to 27th (new crop)	100	55.00
28th	100	40.00
29th-31st	100	37.00
32nd-35th	100	23.00
36th-50th	100	15.00
51st/52nd	100	18.00
53rd/1st-3rd	100	22.00

At the fourth calendar week the producer price of 22.00 M/100 kg increases weekly by 1.40 M/100 kg.

4. Brussels Sprouts

up to 48th (new crop)	100	200.00
49th/50th	100	220.00
51st/52nd	100	240.00
3rd/4th	100	300.00
5th/6th	100	330.00
from 7th (spring harvest)	100	360.00

5. Cauliflower

Calendar Week	Unit Heads	Producer Price M per volume, Grade A				
		Size				
		I	II	III	IV	V
53rd/1st-20th	100	310.00	240.00	200.00	170.00	110.00
21st-22nd	100	250.00	200.00	155.00	105.00	-
23rd	100	230.00	180.00	135.00	90.00	-
24th	100	150.00	125.00	90.00	50.00	-
25th	100	105.00	85.00	55.00	30.00	-
26th-37th	100	90.00	75.00	55.00	-	-
38th	100	80.00	65.00	45.00	-	-
44th-45th	100	110.00	90.00	60.00	35.00	-
46th-47th	100	170.00	135.00	110.00	68.00	-
48th-52nd	100	195.00	170.00	130.00	115.00	85.00

6. Green Kale

7. Leafless Kohlrabi

Calendar Week	Unit kg	Producer Price M per, Grade A		Calendar Week	Unit kg	Producer Price M per, Grade A	
till 49th	100	30.00		till 50th	100	18.00	
50th-1st	100	45.00		51st-1st	100	20.00	
from 2nd	100	45.00		2nd-3rd	100	21.00	

At the fourth calendar week the producer price of 21.00 M/100 kg increases weekly by 0.80 M/100 kg.

8. Leafy Kohlrabi

Calendar Week	Unit Heads	Producer Price M per, Grade A			
		Size			
		I	II	III	IV
53rd/1st-15th	100	92.00	85.00	78.00	67.00
16th-19th	100	82.00	75.00	68.00	47.00
20th-22nd	100	64.00	58.00	51.00	22.00
23rd	100	35.00	32.00	27.00	-
24th	100	30.00	27.00	22.00	-
25th	100	20.00	18.00	12.00	-
26th-29th	100	15.00	12.00	10.00	-
30th-36th	100	20.00	18.00	12.00	-
37th-45th	100	25.00	22.00	17.00	-
46th-50th	100	35.00	32.00	27.00	-
51st-52nd	100	60.00	57.00	52.00	-

9. Broccoli

Calendar Week

Heads M/per Grade
Size
I II III IV

till 24th	100	150	125	90	50
25th/26th	100	105	85	55	30
27th-30th	100	90	75	55	-

10. Chinese Cabbage

Calendar Week

kg Producer Price
M/per Grade A

from 53rd-1st	100	50.00
36th-44th (new crop)	100	25.00
45th-52nd	100	35.00

B. Root Vegetable

11. Leafy Edible Carrots

Calendar Week

One bunch per 10 pieces
Producer Price M/per Grade A

till 19th	100	100.00
20th-25th	100	80.00
26th-27th	100	45.00
28th-30th	100	32.00
31st-36th	100	28.00
37th-39th	100	32.00
from 40th	100	45.00

12. Leafless Edible Carrots

Calendar Week

kg Producer Price
M/per Grade A

till 26th		
(spring crop)	100	90.00
27th-28th	100	80.00
29th	100	70.00
30th	100	60.00
31st	100	50.00
32nd	100	30.00
33rd	100	25.00
34th-36th	100	22.00
37th-48th	100	22.00
49-52nd	100	25.00
53rd/1st-3rd	100	28.00

At the fourth calendar week the producer price of 28.00 M/100 kg increases weekly by 1.30 M/100 kg.

13. a) Leafy Horseradish

Calendar Week

Pieces Producer Price
M/per Grade A
Size
I II

53rd/1st-17th	100	30.00	20.00
18th-22nd	100	28.00	18.00
23rd-30th	100	18.00	13.00
31st-52nd	100	15.00	10.00

13. b) Leafless Horseradish

Calendar Week

kg Producer Price
M/per Grade A

till 52nd	100	18.00
53rd/1st-3rd	100	20.00

At the fourth calendar week the producer price of 20.00 M/100 kg increases weekly by 0.80 M/100 kg.

14. Radishes

Calendar Week	Ten per bunch	Producer Price M. per Grade A
53rd/1st-14th	100	38.00
15th-17th	100	30.00
18th	100	20.00
19th-30th	100	15.00
31st-45th	100	20.00
46th-52nd	100	30.00

16. Celery without Tops

till 50th	100	52.00
51st/52nd	100	54.00
53rd/1st-3rd	100	56.00

At the fourth calendar week the producer price of 56.00 M/100 kg increases weekly by 1.20 M/100 kg.

18. Scorzonera

		A Grade B	
till 48th (fall crop)	100	350.00	265.00
49th-52nd	100	420.00	315.00
53rd/1st to 11th	100	500.00	375.00
from 12th (spring crop)	100	420.00	315.00

20. Red Beets

		I	Size	II
till 48th (new crop)	100	34.00		12.00
49th-52nd	100	35.00		13.00
53rd/1st-3rd	100	36.00		14.00

C. Onion Family

21. Leek

		Grade A
36th-40th	100	110.00
41st/42nd	100	115.00
43rd/44th	100	120.00
45th/46th	100	130.00
47th/48th	100	145.00
49th/50th	100	160.00
53rd/1st-4th	100	120.00
5th-14th	100	230.00
15th/16th	100	220.00
17th/18th	100	210.00
19th/20th	100	190.00
from 21st	100	160.00

15. Bunched Horseradish

Calendar Week	Ten per bunch	Producer Price M. per Grade A	I	Size	II
10th-15th	100	35.00			25.00
16th/17th	100	30.00			20.00
from 18th	100	20.00			15.00

17. Rock Parsley

till 51st	100	45.00
52nd	100	47.00

At the first calendar week the producer price of 47.00 M/100 kg increases weekly by 0.60 M/100 kg.

19. Eating Turnips

till 50th	100	12.00
51st/52nd	100	14.00
53rd/1st-3rd	100	16.00

At the fourth calendar week the producer price of 16.00 M/100 kg increases weekly by 0.80 M/100 kg.

At the fourth calendar week the producer price of 36.00 or 14.00 M/100 kg increases weekly by 0.80 M/100 kg.

22. Garlic

		A	Grade B
31st-36th (new crop)	100	600.00	420.00
37th-52nd	100	800.00	560.00
from 53rd/1st	100	1,000.00	700.00

23. Leek Onions

	Bunch per 50 g	Grade A
53rd-12th	100	50.00
13th-22nd	100	30.00

24. Scallions

Calendar Week	Ten per bunch	Producer Price M per, Grade A
		Size
		I II III

16th-22nd	100	110.00 90.00 70.00
23rd-26th	100	90.00 70.00 50.00
27th-31st	100	70.00 50.00 30.00
32nd-40th	100	50.00 30.00 15.00

25. Onions (suitable for storage)

Calendar Week	kg	Producer Price Grade A
		Size
		I II

41st-46th	100	50.00 42.00
47th/48th	100	51.00 43.00
49/50th	100	52.00 44.00
51st/52nd	100	53.00 45.00
53rd/1st/		
2nd	100	54.00 46.00
3rd	100	55.00 47.00

From the fourth to the ninth calendar week the producer price of 55.00 and 47.00 M/100 kg respectively increases weekly by 1.50 M/100 kg, on the tenth calendar week, by 2.00 M/100 kg.

D. Leafy Vegetable

26. Spinach

53rd/1st-13th	100	50.00
14th-20th	100	35.00
21st-26th	100	30.00
36th-44th	100	30.00
45th-52nd	100	35.00

27. Chicory

		A Grade B
49th-5th	100	360.00 300.00
6th-9th	100	430.00 340.00
10th-13th	100	460.00 370.00
14-19th	100	510.00 410.00

28. Parsley

One bunch per 20 g

53rd/1st-16th	100	35.00
17th/18th	100	20.00
19th-22nd	100	15.00
23rd-44th	100	10.00
45th-48th	100	15.00
49th-52nd	100	28.00

29. Lettuce

Calendar Week	Heads	Producer Price M per volume
		Grade A
		Size
		I II III IV V VI

53rd/1st-5th	100	-	-	-	95.00	88.00	80.00
6th-9th	100	-	-	-	125.00	110.00	100.00
10th-12th	100	-	-	160.00	140.00	125.00	100.00
13th/14th	100	-	-	160.00	140.00	125.00	100.00
15th	100	-	140.00	120.00	100.00	80.00	55.00
16th	100	-	125.00	100.00	80.00	55.00	45.00
17th	100	-	90.00	70.00	55.00	45.00	35.00

29. Lettuce (continued)

Calendar Week	Heads	Producer Price M per volume Grade A Size					
		I	II	III	IV	V	VI
18th	100	-	70.00	55.00	45.00	40.00	30.00
19th	100	75.00	53.00	45.00	40.00	30.00	20.00
20th	100	55.00	50.00	40.00	30.00	22.00	-
21st	100	40.00	36.00	31.00	28.00	-	-
22nd	100	31.00	28.00	23.00	-	-	-
23rd-36th	100	21.00	18.00	13.00	-	-	-
37th-44th	100	25.00	22.00	18.00	15.00	-	-
45th/46th	100	35.00	28.00	24.00	21.00	15.00	-
47th/48th	100	50.00	43.00	39.00	36.00	30.00	-
49th-52nd	100	90.00	83.00	80.00	75.00	70.00	-

30. Rhubarb

31 a) White Asparagus

Calendar Week	kg	Producer Price M per, Grade		Calendar Week	kg	Producer Price M per unit Grade			
		A	B			Choice	A	B	C
till 16th	100	170.00	120.00						
17th	100	150.00	110.00	No time					
18th	100	100.00	80.00	limits	100	795.00	705.00	250.00	165.00
19th	100	70.00	45.00						
20th	100	55.00	35.00	31 b) Green Asparagus					
21st-25th	100	50.00	30.00	No time					
26th-30th	100	40.00	20.00	limits	100	695.00	605.00	250.00	165.00

E. Fruit Vegetable

32. Cucumbers (freely grown varieties)

33. Cucumbers (greenhouse varieties)

		Grade A Size				Grade A Size	
		I	II			I	II
till 29th	100	100.00	80.00	53rd/1st-9th	100	790.00	670.00
30th-32nd	100	60.00	50.00	10th-13th	100	760.00	640.00
33rd-35th	100	45.00	35.00	14th-15th	100	680.00	560.00
36th-38th	100	35.00	25.00	16th	100	570.00	480.00
from 39th	100	60.00	50.00	17th-18th	100	550.00	460.00
				19th	100	470.00	380.00
				20th	100	430.00	350.00
				21st	100	380.00	300.00
				22nd-23rd	100	330.00	250.00
				24th-25th	100	280.00	210.00

33. Cucumbers (greenhouse varieties) (continued) 34. Tomatoes

Calendar Week	Unit	kg	Producer Price M per volume	Calendar Week	kg	Producer Price M per, Grade
			Grade A			Choice A
		I	Size II			
26th-27th	100	245.00	130.00	5th-22nd	100	1,250.00 1,140.00
28th-30th	100	150.00	80.00	23rd	"	960.00 880.00
31st	100	130.00	70.00	24th/25th	"	910.00 830.00
32nd-39th	100	80.00	60.00	26th	"	750.00 700.00
40th-45th	100	200.00	140.00	27th/28th	"	720.00 680.00
46th-49th	100	350.00	270.00	29th	"	580.00 550.00
50th	100	550.00	450.00	30th	"	500.00 485.00
51st-52nd	100	790.00	670.00	31st	"	300.00 285.00
<u>35. Paprika Plants</u>				32nd	"	265.00 250.00
53rd/1st-28th	100		350.00	33rd-35th	"	195.00 180.00
29th-48th	100		105.00	36th-44th	"	215.00 200.00
49th-52nd	100		350.00	45th	"	245.00 230.00
				46th-48th	"	380.00 350.00
				49th-50th	"	700.00 590.00
				51st-4th	"	850.00 740.00

For the following vegetable varieties the producer prices laid down are in force without time specifications throughout the entire production period:

<u>Cultures</u>	<u>Unit</u>	<u>Producer Price M per Volume Grade A</u>			
36. Beans, hand picked (but not string beans, in broad pods)	100 kg				200.00
--String beans in broad pods	100 kg				150.00
37. Peas (picked)	100 kg				200.00
38. Field Salad	100 kg				210.00
39. Horse-radish	100 kg				400.00
40. Spring onions (up to	100 kg				60.00
41. Large cucumbers	100 kg				28.00
42. Pumpkins	100 kg				10.00
43. Celeriac with top					Size
			I	II	
	100 stalks		27.00	20.00	
44. Cucumbers for pickling					Size
			I	II	III IV
Hybrids	100 kg	400.00	340.00	200.00	100.00
Eva		200.00	110.00	60.00	-
45. Edible mushrooms					
(a) Champignons					
Calendar Week	kg	Producer Price M per Volume, Grades			
		Choice	A	B	
1st-9th	100	950.00	900.00	850.00	
10th-23rd	100	850.00	800.00	750.00	
24th-40th	100	750.00	700.00	650.00	
41st-53rd	100	850.00	800.00	750.00	
(b) Other edible mushrooms, without time restrictions	100	-	470.00	-	

II. Fruit

A. Pitted Fruit

1. Apples

Calendar Week	kg	Producer Price M per volume							
		Grade							
		Choice		A	B		C		
		I	II		I	II			
from 29th	100	115.00	95.00	90.00	75.00	45.00	40.00	24.00	
from 46th	100	130.00	100.00	105.00	80.00	50.00	40.00	24.00	
from 51st	100	140.00	105.00	115.00	85.00	55.00	40.00	24.00	

The producer prices of the choice and A qualities increase at the 45th calendar week as follows: From the 46th to the 1st calendar week, weekly by 1.00 M/100 kg, from the 2nd to the 5th calendar week, weekly by 1.50 M/100 kg, from the 6th to the 13th calendar week, weekly by 3.00 M/100 kg, from the 14th calendar week, weekly by 4.00 M/100 kg.

2. Pears

till 38th	100	86.00		70.00		40.00	
from 39th	100	110.00		90.00		50.00	
from 45th	100	130.00		110.00		60.00	
Industrial pears (picked when fully ripe)	-			40.00		-	

The producer prices of the choice and A qualities increase at the 45th calendar week as follows: From the 45th to the 1st calendar week, weekly by 1.50 M/100 kg, from the 2nd calendar week, weekly by 3.50 M/100 kg.

3. Strawberries

from 18th (greenhouse)	100	800.00		690.00	
from 24th (in the open)	100	509.00		420.00	

For the following fruits or fruit varieties the producer prices in effect have no time restrictions:

4. Pure apples (also Helios)	100	125.00		100.00	-
5. Quince	100	-		200.00	-
6. Apricots	100	420.00		340.00	260.00
7. Peaches	100	420.00		340.00	260.00
8. Sweet cherries	100	400.00		320.00	260.00
9. Sour cherries	100	360.00		300.00	250.00
10. Plums	100	165.00		150.00	100.00
11. Yellow Nancy plums	100	-		140.00	-

Fruit Cultures (continued) kg			Producer Price M per volume Grades:		
			Choice	A	B
12.	Small yellow plums	100	-	60.00	-
13.	Red-currants	100	-	-	-
	--black	100	-	490.00	-
	--red	100	-	340.00	-
	--white	100	-	340.00	-
14.	Gooseberries				
	--ripe	100	-	250.00	-
	--green	100	-	400.00	-
15.	Garden raspberries	100	-	600.00	-
16.	Garden blackberries	100	-	600.00	-
17.	Cultivated bilberries "		-	800.00	-
18.	Grapes* for table wine			Size	
			I	II	III
			420.00	320.00	210.00
19.	Walnuts	100	-	685.00	-
20.	Hazelnuts	100	-	990.00	-

III. Potatoes

1. Young potatoes

Time Frame	kg	Producer Price M per volume
till 6/17	100	73.00
6/18-23	100	65.00
6/24-30	100	55.00
7/1-5	100	45.00
7/6-10	100	40.00
7/11-15	100	35.00
7/16-20	100	30.00
7/21-31	100	28.00

2. Regular potatoes

		Grade			
		IA	IIA	IB	IIB
No time limitation	100	27.00	18.00	23.00	16.00

* Buying up the grapes is done exclusively by the purchasing enterprises in this field (the wineries).

Appendix 2: Apple Varieties Classified as to Price and Size Groups

Group I

	Size Group		Size Group
Ananasrenette	b	Melrose	a
Alkmene	b	Mutsu	a
Auralia	b	Ontario	a
Apollo	a	Schweizer Orangenapfel	a
Bolgolden	a	Signe Tillish	a
Berlepsch	b	Starking and all other	
Boskoop, Roter Boskoop	a	varieties of the Red Del Group,	
Breuhahn	b	e.g. Redspur	
Carola	a	Starkrimson	
Clivia	b	Wellspur	a
Close	a	Spartan	a
Cox Orange	b	Stark Earliest	b
Cherry Cox	b	Smoothee	a
Roter Cox	b	Topred	a
Delbarestivale	a	Winterbananenapfel	a
Discovery	b	Winesap	a
Barly Blaze	b		
Elektra	b	Group II	
Erwin Baur	b		
Gala Delicieux	b	Albrechtsapfel	a
Gelber Bellefleur	a	Altlaender Pfannkuchenapfel	b
Gelber Koestlicher and all		Baumann	a
varieties in this group,		Blenheim	b
e.g. Goldspur Yellowspur	a	Bitterfelder	b
Gloster	a	Bohnapfel	b
Goldparmaene	b	Champagnerrenette	a
Gravensteiner	a	Croncels	a
Helios	a	Duelmener Rosenapfel	a
Herma	a	Gelber Edelapfel	b
Idarad	a	Herrnhut	a
Ingrid Marie	a	Jakob Lebel	a
Jamba	a	Landsberger	b
James Grieve	a	Nordhausen	b
Jerseymac	a	Oldenburger	a
Jonagold	a	Wilhelmsapfel	
Jonared	b		
Jonathan	b		
Juno	a		
Karmijn	a		
Kidd's Orange Red	a		
Klarapfel	b		
Laxtons Superb	b		
Macoun	a		
Mc Intosh	a		
Red Mc Intosh	a		
Melba	a		
Red Melba	a		

For classifying unnamed important local varieties, bezirk regulations have to be announced. Varieties have to be classified in terms of their quality criteria and intrinsic values.

Tobacco, Animal Product Prices

East Berlin NEUE DEUTSCHE BAUERNZEITUNG in German No 25, 24 Jun 83, Supplement pp 1-8

[Additions to Order No Pr 430, unsigned]

[Excerpt] III Tobacco

<u>Raw, unfermented tobacco-leaf variety</u>	<u>Grade</u>	<u>M/kg</u>
Burley		
Tobacco-leaf or main stock	I	18.00
Tobacco-leaf, main stock	II	15.00
Tobacco-leaf, main stock	III	12.00
Tobacco-leaf, main stock	IV	8.00
Cigar stock, hand dried		
Tobacco-leaf, main stock	IS	16.00
Tobacco-leaf, main stock	I	14.50
Tobacco-leaf, main stock	II	12.50
Tobacco-leaf, main stock	III	11.00
Tobacco-leaf, main stock	IV	8.00
Scraps	IV	8.00

IV Animal Products

Fat Stock

<u>Carcass</u>	<u>Grade Class</u>	<u>Warm Body Mass</u> <u>M/kg</u>
Cattle (without suet)	I	1,466.00
bulls, oxen	II	1,393.00
heifers, cows	III	1,339.00
Calves (without internal fat)		
up to 70 kg live weight	I	1,331.00
	II	1,256.00
	III	1,145.00
above 70 and up to 100 kg live weight/ weight computed		1,454.00
Sheep (without suet)	I	1,405.00
Young sheep	II	1,275.00
	III	1,125.00
	IV	990.00
Old sheep (mutton, rams, ewes)	I	1,320.00
	II	1,125.00
	III	1,015.00
	IV	915.00
Goats (without suet)		
Goats	I	845.00
	II	675.00
Kids	I	1,125.00

Slaughtering Pigs

Grade Class	Warm Body Mass without Butt M/dt	with Butt M/dt
I	997.00	959.00
II	977.00	940.00
III	968.00	931.00
IV	958.00	922.00
V	942.00	906.00

Sheep's Wool

(over 100 kg of suint wool)

Prices in M/kg sheep's wool,
washed clean

Wool grade	fully or three-quarter sheared wool	half-sheared and short wool
finer than A/B	100.00	70.00
A/B to B	90.00	64.00
B/C to C	80.00	57.00
C to C/D and more coarse	70.00	50.00

For amounts delivered below 100 kg of suint wool (in bulk) a price discount is to be taken off the producer price of 5.00 M/kg of cleanly washed wool.

For wool that was not presorted and packaged separately according to TGL 8090 and for pigmented wool (dyed wool), a price discount it to be taken off the producer price up to 10 percent, relative to distinct shipments.

Angora Wool

	Grade Class	Color	Producer Price M/kg
Starting at a length of 50 mm, pure, clean, free of entangled strands and foreign bodies	I	white	80.00
		many- colored	70.00
25 to 49 mm in length, pure, clean, free of entangled strands and foreign bodies	II	white	60.00
		many- colored	50.00
up to 25 mm in length, pure, clean, slightly entangled strands	III	white	35.00
		many- colored	30.00
Chicken eggs		6.05 M/k	
Price discount for unclean eggs		0.03 M/piece	

<u>Poultry and Rabbits</u>	<u>Grade Class</u>	<u>Alive M/kg</u>
Chickens/Roosters	I	7.00
	II	6.00
	III	4.90
	below III	1.10
Broilers	I	7.20
	II	6.20
	III	4.80
	below III	1.10
Geese, Cairina 2000	I	16.20
Wart Ducks, white	II	13.80
	III	9.70
	below III	2.40
Wart Ducks, many-colored	I	11.50
	II	10.40
	III	9.30
	below III	1.50
Ducks	I	7.50
	II	6.40
	III	5.30
	below III	1.50
Turkeys	I	12.40
	II	10.60
	III	8.70
	below III	2.50
Pigeons	I	12.00
	II	10.00
Rabbits	I	12.20
	II	10.00
	III	7.00
Bee's Honey (100se)		14.00 M/kg
Discount for pouring bee's honey off into 550-g jars		0.20 M/kg
and into 250-g jars		0.35 M/kg

Industrial Products: Cost to LPG's

East Berlin GESETZBLATT DER DEUTSCHEN DEMOKRATISCHEN REPUBLIK in German
Part I No 20, 2 Aug 83 pp 201-208

[Order No Pr 473 of 11 July 1983, signed by S. Lietze, Minister for Agriculture, Forestry and Foodstuffs and W. Halbritter, director, Office of Prices]

[Text] Article 1 - Lifting the Blockage

(1) The industrial prices, valid as of 1 January 1984, for products and services (henceforth referred to as products) under the regulations in Appendix 1 and their supplements (henceforth referred to as orders) become effective by way of the agricultural enterprises and facilities named in Appendix 2.

(2) When the industrial prices as of 1 January 1984 take effect in the agricultural enterprises and facilities, as to Paragraph 1, the stipulations made in the orders of Appendix 1 about the continuing application of the legal industrial prices to the agricultural enterprises and facilities of Appendix 2 (the blockage) are rescinded.

Article 2 -- Lifting the Equalizations

(1) Rescinded are the stipulations in the orders of Appendix 1 on equalizing price differentials for suppliers who supply the agricultural enterprises and facilities in Appendix 2 and for the agricultural enterprises and facilities of Appendix 2 in supplying customers at new industrial prices.

(2) Insofar as the orders in Appendix 1 make stipulations to the effect that the agricultural enterprises and facilities in Appendix 2 get their products at current industrial prices, as of 1 January 1984, and upon request receive an equalization for the legal industrial prices as prevailing up to now, those stipulations on granting an equalization no longer apply. That pertains to the stipulations of the orders noted by an asterisk (*) in Appendix 1.

Article 3 -- Supplying Personal Lots by LPG and GPG Members and Workers

Personal lots of LPG and GPG members and workers continue to be supplied with products of the orders in Appendix 1 at the prevailing industrial and wholesale sales price levels and commercial schedules. Price differentials for the suppliers of the lots of LPG and GPG members and workers are to be assessed with State Budget in accordance with the prevailing legal regulations.*

Article 4 - Purchase and Sale by BHG's (peasants' trade cooperatives)

(1) BHG's, trading in the means of production, get the products in the orders of Appendix 1 at the prevailing, 1 January 1984, industrial prices of those orders. If BHG's, trading in the means of production, supply customers who, other than that, have to be charged the legal industrial prices in effect up to now, they have to settle the differentials from industrial prices as of 1 January 1984 with State Budget in accordance with the legal regulations governing them.*

(2) When a BHG buys and sells products in orders of Appendix 1 as trade in consumer goods, the previous industrial and wholesale sales prices and commercial schedules remain in effect. If BHG's, in consumer goods trade, supply customers who, other than that, have to pay the industrial prices as of 1 January 1984, those are the prices the customers then have to pay. They then have to settle the differentials from industrial and wholesale sales prices and commercial schedules as previously in effect with State Budget in conformity with legal regulations.*

*In effect at this time are the 1 July 1982 decree on product-related taxes and price supports (GBL Part I No 30 p 547), the first implementing regulation, of 1 July 1982, for the decree on product-related taxes and price supports (GBL Part I No 39 p 550), and the second implementing regulation, of 20 May 1983, for the decree on product-related taxes and price supports (GBL Part I No 15 p 165).

Article 5 - Concluding Provisions

This order goes into effect on 1 January 1984. It impinges on running contracts and applies to all deliveries and services as soon as it goes into effect.

Appendix 1 - Legal Regulations as to Article 1, Paragraph 1

Order (No 1) of 24 May 1976 on computing rates for services during the winter (GBL special issue No 876)

Order of 13 July 1978 on rates in rural radio service--order on rural radio rates (LFGO) (GBL Part I No 27 p 301)

Order No 2 of 10 April 1981 on computing rates for services during the winter (GBL special issue No 1066)

Order No Pr 101/2 of 10 April 1981 on dairy products (GBL special issue No 1065)

Order No Pr 122 of 20 June 1975 on industrial prices for broken glass and reflux drum glass (GBL special issue No 785)

Order No Pr 128* of 15 May 1975 on industrial prices for solid fuels (GBL Part I No 22 p 376)

Order No Pr 130 of 15 May 1975 on industrial prices for nonferrous metal products (GBL Part I No 22 p 382)

Order No Pr 134 of 15 May 1975 on industrial raw material prices in the glass and ceramics industry (GBL Part I No 22 p 390)

Order No Pr 135 of 15 May 1975 on industrial prices for shaped castings (GBL Part I No 22 p 392)

Order No Pr 136 of 15 May 1975 on industrial prices for products of chalk, lime, plaster of Paris and cement (GBL Part I No 22 p 394)

Order No Pr 138 of 15 May 1975 on the range of application of price index cards in the industrial price changes according to plan of 1 January 1976 (GBL Part I No 22 p 398)

Order No Pr 160 of 30 January 1976 on industrial prices for ferrous metal products--first and second processing stages-- (GBL special issue No 830)

Order No Pr 161 of 30 January 1976 on industrial prices for nonferrous metal semifabricates (GBL special issue No 830)

Order No Pr 163 of 30 January 1976 on industrial prices for noble metal products (GBL special issue No 830)

Order No Pr 164 of 30 January 1976 on industrial prices for cables, circuits, taping wires, cable fittings and wooden drums (GBL special issue No 831)

Order No Pr 165 of 20 May 1982 on industrial prices for lumber and bark (GBL special issue No 1092)

Order No Pr 168 of 30 January 1976 on industrial prices for drop forgings, solidly converted workpieces, heavy stamped metal parts of steel and steel tubing, through fusion welding (GBL special issue No 834)

Order No Pr 169 of 30 January 1976 on industrial prices for products and services of the chemical fiber industry (GBL special issue No 835)

Order No Pr 170 of 30 January 1976 on industrial prices for cut lumber, planks and wood chips (GBL special issue No 836)

Order No Pr 171 of 30 March 1976 on industrial prices for products of the ball bearing and standard parts industry (GBL special issue No 847)

Order No Pr 175 of 30 January 1976 on industrial prices for cotton and cotton linters (GBL special issue No 837)

Order No Pr 177 of 30 March 1976 on industrial prices for technical glass products (GBL special issue No 846)

Order No Pr 178 of 30 March 1976 on industrial prices for household and wrapping glass (GBL special issue No 846)

Order No Pr 179 of 30 March 1976 on industrial prices for fireproof household and optical glass (GBL special issue No 846)

Order No Pr 180 of 30 March 1976 on industrial prices for construction glass products (GBL special issue No 846)

Order No Pr 181 of 30 March 1976 on industrial prices for products of the fine ceramics industry (GBL special issue No 846)

Order No Pr 182* of 30 March 1976 on industrial prices for spare parts for food-stuff machinery (GBL special issue No 848)

Order No Pr 183 of 30 March 1976 on industrial prices for ceramic construction products (GBL special issue No 846)

Order No Pr 186 of 30 March 1976 on industrial prices for cropped, hide and tanning wool--washed (GBL special issue No 863)

Order No Pr 187 of 30 March 1976 on industrial prices for animal hair including assorted cut hair, ready for combing, weaving and matting (GBL special issue No 852)

Order No Pr 188 of 30 March 1976 on industrial prices for bast fibers (GBL special issue No 853)

Order No Pr 189 of 30 March 1976 on industrial prices for cam gearings and converter bands (GBL special issue No 863)

Order No Pr 191 of 30 March 1976 on industrial prices for products and services of surveying (GBL special issue No 845)

Order No Pr 192 of 30 March 1976 on industrial prices for heavy machine construction products (GBL special issue No 867)

Order No Pr 194 of 20 May 1982 on industrial prices for brickkiln, clay tile and kieselguhr products, hollow billets, sand-lime bricks and concrete tiles (GBL special issue No 1091)

Order No Pr 195 of 30 March 1976 on industrial prices for anhydrous and filtering products, mineral wool insulation materials and plaster of Paris and anhydrous construction elements (GBL special issue No 865)

Order No Pr 196 of 30 March 1976 on industrial prices for fiber construction materials, prefabricated construction elements and wooden as well as substitute material fittings (GBL special issue No 860)

Order No Pr 197 of 20 May 1982 on industrial prices for concrete, steel-concrete, reinforced-concrete, gas concrete and concrete brick products and services for steel reinforcement (GBL special issue No 1091)

Order No Pr 198 of 30 March 1976 on industrial prices for products in basic inorganic and organic chemistry (GBL special issue No 856)

Order No Pr 199 of 30 March 1976 on industrial prices for plastics and synthetic rubber (GBL special issue No 856)

Order No Pr 200 of 30 March 1976 on industrial prices for chemical and technological specialized products and services, primarily in production (GBL special issue No 856)

Order No Pr 201 of 30 March 1976 on industrial prices for rubber mixtures and regenerates for them (GBL special issue No 357)

Order No Pr 203 of 30 March 1976 on industrial prices for agro-chemicals (GBL special issue No 859)

Order No Pr 205* of 30 March 1976 on industrial prices for electrical machines (GBL special issue No 861)

Order No Pr 206 of 30 March 1976 on industrial prices for technical products from ceramic and metallic sintering processes (GBL special issue No 862)

Order No Pr 208 of 30 March 1976 on industrial prices for industrial metal commodities (GBL special issue No 851)

Order No Pr 209* of 30 March 1976 on the range of application of price index cards in the industrial price changes according to plan of 1 January 1977 (GBL Part I No 18 p 263)

Order No Pr 211 of 20 May 1982 on industrial prices for new construction (GBL special issue No 1090)

Order No Pr 212 of 20 May 1982 on industrial prices for building repairs
(GBL special issue No 1090)

Order No Pr 214 of 31 January 1978 on industrial prices for traffic construction
(GBL special issue No 997)

Order No Pr 218 of 10 May 1979 on industrial prices for steel and aluminum alloy
construction components (GBL Part I No 16 p 136)

Order No Pr 220 of 30 March 1977 on industrial prices for yarns and threads
(GBL special issue No 900)

Order No Pr 221 of 30 March 1977 on setting industrial prices for the refining
of textiles, yarns, silks and threads and of ribbons and belts (GBL special
issue No 901)

Order No Pr 222 of 30 March 1977 on industrial prices for handicraft, linen,
industrial and Polyamid threads (GBL special issue No 902)

Order No Pr 223 of 30 March 1977 on industrial prices for synthetic semi-
fabricates (GBL special issue No 912)

Order No Pr 224 of 30 March 1977 on industrial prices for plastic, elastic and
asbestos products (GBL special issue No 918)

Order No Pr 225 of 30 March 1977 on industrial prices for dyes and printer's
paints (GBL special issue No 919)

Order No Pr 226 of 30 March 1977 on industrial prices for products and services
of laboratory and precision chemistry (GBL special issue No 920)

Order No Pr 227 of 30 March 1977 on industrial prices for products of the
pharmaceutical industry (GBL special issue No 926)

Order No Pr 228 of 30 March 1977 on industrial prices for products of the photo-
chemical industry (GBL special issue No 927)

Order No Pr 229 of 30 March 1977 on industrial prices for material efforts ex-
pended on inland waterway vessels (GBL special issue No 903)

Order No Pr 231 of 10 April 1981 on industrial prices for material efforts
expended on tracked vehicles (GBL special issue No 1066)

Order No Pr 233* of 30 March 1977 on industrial prices for magnets, hard metal,
machine tools, devices for horticulture and agriculture and other purposes and
tools (GBL special issue No 909)

Order No Pr 234 of 30 March 1977 on industrial prices for ceramics machinery
(GBL special issue No 906)

Order No Pr 235 of 30 March 1977 on industrial prices for thermos flasks and
containers (GBL special issue No 913)

Order No Pr 237 of 30 March 1977 on industrial prices of heavy machine construction products, components, special and spare parts (GBL special issue No 914)

Order No Pr 238 of 30 March 1977 on industrial prices for heat treatment (wage labor) (GBL special issue No 915)

Order No Pr 239* of 30 March 1977 on industrial prices for machinery and equipment in chemical processing techniques and for sugar refineries (GBL special issue No 928)

Order No Pr 240 of 30 March 1977 on industrial prices for boiler cleaning activities (GBL special issue No 916)

Order No Pr 241 of 30 March 1977 on industrial prices for machine construction products for households and the economy (GBL special issue No 917)

Order No Pr 242 of 30 March 1977 on industrial prices for pins and bars for the textile industry (GBL special issue No 921)

Order No Pr 243 of 30 March 1977 on industrial prices for products and services of the leather industry (GBL special issue No 922)

Order No Pr 244 of 30 March 1977 on industrial prices for machinery and equipment in the foodstuffs industry (GBL special issue No 923)

Order No Pr 245 of 30 March 1977 on industrial prices for the products of the medical and laboratory techniques (GBL special issue No 924)

Order No Pr 247 of 30 March 1977 on industrial prices for chemical agents and products in the metal industry (GBL special issue No 929)

Order No Pr 249* of 30 March 1977 on the range of application of price index cards in the industrial price changes according to plan of 1 January 1978 (GBL Part I No 14 p 153)

Order No Pr 251 of 30 March 1978 on setting industrial prices for assembly operations (GBL special issue No 981)

Order No Pr 253 of 30 March 1978 on industrial prices for textile space structures (excluding textile floor covering, lace and other curtains), handkerchiefs, table linen, hand towels, bath towels, cleaning rags and bath robes (GBL special issue No 971)

Order No Pr 254 of 30 March 1978 on setting industrial prices for refining and printing on textile space structures (GBL special issue No 973)

Order No Pr 255 of 30 March 1978 on industrial prices for commodities of the clothing industry (GBL special issue No 985)

Order No Pr 256 of 30 March 1978 on industrial prices for knitted and woven fabrics and braided elastic threads (GBL special issue No 987)

Order No Pr 257 of 30 March 1978 on industrial prices for selected assortments in the decorators' industry, primarily handicrafts (GBL special issue No 974)

Order No Pr 258 of 30 March 1978 on industrial prices for products in the decorators' industry (GBL special issue No 988)

Order No Pr 259 of 30 March 1978 on industrial prices for end products in the cotton, wool and silk industry (GBL special issue No 982)

Order No Pr 260 of 30 March 1978 on industrial prices for technical textiles and bed covers (GBL special issue No 975)

Order No Pr 261 of 30 March 1978 on industrial prices for textile bandages (GBL special issue No 983)

Order No Pr 262 of 30 March 1978 on industrial prices for products and services of the artificial leather industry (GBL special issue No 984)

Order No Pr 263 of 30 March 1978 on industrial prices for the products and services of the fur industry (GBL special issue No 978)

Order No Pr 264 of 30 March 1978 on industrial prices for products and services of the leather goods industry (GBL special issue No 989)

Order No Pr 265 of 30 March 1978 on industrial prices for the products and services of the shoe industry (GBL special issue No 990)

Order No Pr 266 of 30 March 1978 on industrial prices for wood working machines (GBL special issue 958)

Order No Pr 267 of 30 March 1978 on industrial prices for clay and terra cotta products (GBL special issue No 963)

Order No Pr 268 of 30 March 1978 on industrial prices for brush and broom handles and for the wood for brooms and brushes (GBL special issue No 964)

Order No Pr 269 of 30 March 1978 on industrial prices for processed bristles and animal hair (GBL special issue No 965)

Order No Pr 270* of 30 March 1978 on industrial prices for the machinery and equipment in the paper and cardboard industry (GBL special issue No 979)

Order No Pr 372* of 30 March 1978 on industrial prices for minitransformers, transmitters and small inductors below 6.3 kVA (GBL special issue No 954)

Order No Pr 273 of 30 March 1978 on industrial prices for techno-chemical products for electroplating and for testing galvanic electrolytes (GBL special issue No 955)

Order No Pr 275 of 30 March 1978 on industrial prices for products of the iron, tin and metal goods industry (GBL special issue No 966)

Order No Pr 276 of 30 March 1978 on industrial prices of fiber optics and loose optics products (GBL special issue No 968)

Order No Pr 277 of 30 March 1978 on industrial prices for electro-acoustic and electronic products and casings (GBL special issue No 980)

Order No Pr 278 of 30 March 1978 on industrial prices for charcoal, wood tar, wood oil and pyrolignite (GBL special issue No 969)

Order No Pr 280 of 30 March 1978 on industrial prices for printing accessories (GBL special issue No 959)

Order No Pr 281* of 30 March 1978 on industrial prices for fire extinguishers, fire fighting equipment and accessories, and fire department equipment and devices, accessories, special and spare parts (GBL special issue No 956)

Order No Pr 282 of 30 March 1978 on industrial prices for wicker goods and bamboo (GBL special issue No 970)

Order No Pr 286 of 10 May 1979 on industrial prices on road and bridge maintenance services (GBL Part I No 21 p 204)

Order No Pr 287* of 10 May 1979 on industrial prices for spare parts for farm machinery and tractors and for machinery and equipment in the mill and mixed fodder industry (GBL Part I No 21 p 206)

Order No Pr 288* of 10 May 1979 on industrial prices for spare parts for service vehicles and their trailers and for stationary carburetor engines (GBL Part I No 22 p 211)

Order No Pr 289* of 10 May 1979 on industrial prices for spare parts for machines in the leather production, shoe, leather goods and fur industry (GBL Part I No 22 p 214)

Order No Pr 290 of 10 May 1979 on industrial prices for spare parts for machines and equipment manufacturing ceramic, fireproof and glass commodities (GBL Part I No 21 p 208)

Order No Pr 291* of 10 May 1979 on industrial prices for spare parts in heavy machine construction (GBL Part I No 22 p 216)

Order No Pr 292* of 10 May 1979 on industrial prices for the basic repair of machinery and equipment in the construction and building materials industry (GBL Part I No 20, p 193)

Order No Pr 293 of 8 May 1980 on industrial prices for paper and cardboard (GBL special issue No 1041)

Order No Pr 294 of 8 May 1980 on industrial prices for products and services in paper production and processing (GBL special issue No 1041)

Order No Pr 295 of 8 May 1980 on industrial prices for the products and services in refining and processing paper, cardboard, foil and working material combinations (GBL special issue No 1041)

Order No Pr 296 of 8 May 1980 on industrial prices for wrapping material made of paper, cardboard, foil and working material combinations (GBL special issue No 1041)

Order No Pr 301 of 8 May 1980 on industrial prices for material efforts expended on transformers, inductors and converters (GBL Part I No 16 p 149)

Order No Pr 302 of 8 May 1980 on industrial prices for willow twigs (GBL special issue No 1046)

Order No Pr 307 of 5 December 1979 on spare part prices for trucks and tractors and their trailers and self-propelled loaders engaged in repair operations (GBL Part I 1980 No 2 p 22)

Order No Pr 308 of 8 May 1980 on industrial prices for forest seeds and plants (GBL special issue No 1046)

Order No Pr 309 of 8 May 1980 on paying for moving and pickup of lumber and bark (lumber transport tariff) (GBL special issue No 1046)

Order No Pr 312 of 8 May 1980 on industrial prices for alcohol adjustments (GBL special issue No 1040)

Order No Pr 313 of 8 May 1980 on industrial prices for wooden boards and annuals (GBL special issue No 1038)

Order No Pr 314 of 8 May 1980 on industrial prices for the oil and margarine industry products (GBL special issue No 1040)

Order No Pr 315 of 8 May 1980 on industrial prices for seafood, fish filet, fresh and frozen (GBL special issue No 1040)

Order No Pr 316 of 8 May 1980 on industrial prices for fish (GBL special issue No 1040)

Order No Pr 317 of 8 May 1980 on the industrial prices for the products of the fruit and vegetable processing industry (GBL special issue No 1050)

Order No Pr 318 of 8 May 1980 on industrial prices for resistors (GBL special issue No 1042)

Order No Pr 319 of 8 May 1980 on industrial prices for microscopes (GBL special issue No 1042)

Order No Pr 320 of 8 May 1980 on industrial prices for binoculars, observation and sighting telescopes and their accessories (GBL special issue No 1042)

Order No Pr 321 of 8 May 1980 on industrial prices for primary elements and batteries (GBL special issue No 1042)

Order No Pr 322 of 8 May 1980 on industrial prices for electrical machine repairs (GBL special issue No 1042)

Order No Pr 323 of 8 May 1980 on industrial prices for hunting and sports ammunition and other ammunition (GBL special issue No 1042)

Order No Pr 324 of 8 May 1980 on industrial prices for microbiological food protein (GBL special issue No 1043)

Order No Pr 325* of 8 May 1980 on industrial prices for petroleum, petroleum products and synthetic products from coal refinement (GBL special issue No 1043)

Order No Pr 326 of 8 May 1980 on industrial prices for mattress bases (GBL special issue No 1038)

Order No Pr 327 of 8 May 1980 on industrial prices for Christmas tree ornaments (GBL special issue No 1041)

Order No Pr 328 of 8 May 1980 on industrial prices for artificial glass eyes (GBL special issue No 1039)

Order No Pr 329 of 8 May 1980 on industrial prices for metal camping and garden furniture (GBL special issue No 1038)

Order No Pr 330 of 8 May 1980 on industrial prices for products of the furniture industry (GBL special issue No 1038)

Order No Pr 331 of 8 May 1980 on industrial prices for illumination glass (GBL special issue No 1041)

Order No Pr 332 of 8 May 1980 on industrial prices for film copies (GBL special issue No 1048)

Order No Pr 332 of 8 May 1980 on industrial prices for products and services of DEWAG (GBL special issue No 1053)

Order No Pr 334 of 8 May 1980 on industrial prices for products and services of the polygraphic industry (GBL special issue No 1053)

Order No Pr 335 of 8 May 1980 on industrial prices for publishing house products and publications outside the publishing industry (GBL special issue No 1048)

Order No Pr 336 of 8 May 1980 on industrial prices for machines and equipment for leather production in the shoe, leather goods and fur industry (GBL special issue No 1049)

Order No Pr 337 of 8 May 1980 on industrial prices for musical instruments, their accessories and spare parts, and musical toys (GBL special issue No 1039)

Order No Pr 338 of 20 May 1982 on industrial prices for needles, hardware items and fittings for leather goods (GBL special issue No 1087)

Order No Pr 339 of 8 May 1980 on industrial prices for athletic and sports equipment (GBL special issue No 1039)

Order No Pr 340 of 8 May 1980 on industrial prices for room and table decorations, smokers' items, artificial flowers and party and gag items (GBL special issue No 1039)

Order No Pr 341 of 8 May 1980 on industrial prices for brooms and brushes (GBL special issue No 1039)

Order No Pr 342 of 8 May 1980 on industrial prices for laundry services (GBL special issue No 1039)

Order No Pr 343 of 8 May 1980 on industrial prices for public health thermometers (GBL special issue No 1041)

Order No Pr 345* of 8 May 1980 on industrial prices for drinking and utility water and for channeling sewage into sewage plants (GBL special issue No 1052)

Order No Pr 346 of 8 May 1980 on industrial prices for galvanic elements (secondary) (GBL special issue No 1042)

Order No Pr 347 of 8 May 1980 on industrial prices for loading operations (GBL special issue No 1051)

Order No Pr 348 of 8 May 1980 on industrial prices for storage operations in inland ports (GBL special issue No 1051)

Order No Pr 349 of 8 May 1980 on industrial prices for sundry railway services (GBL special issue No 1051)

Order No Pr 350 of 8 May 1980 on industrial prices for piloting, tugging and towing services (GBL special issue No 1051)

Order No Pr 354 of 23 June 1980 on setting and computing industrial prices for the products and services of individual interior decoration by state-owned enterprises and facilities (GBL Part I No 23 p 231)

Order No Pr 355 of 23 June 1980 on setting and computing industrial prices for the products and services of individual interior decoration by craft production cooperatives and private craftsmen and tradesmen (GBL Part I No 23 p 233)

Order No Pr 358 of 10 April 1981 on industrial prices for adhesive and hot-sealing products (GBL special issue No 1060)

Order No Pr 359 of 10 April 1981 on industrial prices for service vehicles (GBL special issue No 1063)

Order No Pr 360 of 10 April 1981 on industrial prices for room heaters running on solid and liquid fuels, components, elements, spare parts and accessories (GBL special issue No 1063)

Order No Pr 365 of 10 April 1981 on industrial prices for starch and starch products (GBL special issue 1065)

Order No Pr 366* of 10 April 1981 on industrial prices for assembly, drilling, testing and cementation in geological projecting and the mining of solid minerals and ground water (GBL special issue No 1067)

Order No Pr 367 of 10 April 1981 on industrial prices for magnifiers and accessories (GBL special issue No 1961)

Order No Pr 368 of 10 April 1981 on industrial prices for collecting radioactive waste for definitive storage as obtained from the use and production of radionuclei (GBL special issue No 1067)

Order No Pr 369 of 10 April 1981 on industrial prices for high moorland peat and products of high moorland peat processing enterprises (GBL special issue No 1069)

Order No Pr 370 of 10 April 1981 on industrial prices for freight transports (GBL special issue No 1070)

Order No Pr 371 of 10 April 1981 on industrial prices for meat and meat products (GBL special issue No 1065)

Order No Pr 372 of 10 April 1981 on industrial prices for products and services of the sugar industry (GBL special issue No 1065)

Order No Pr 382 of 20 May 1982 on industrial prices for semiconductor elements, liquid crystal components and quartz crystals for watches (GBL special issue No 1086)

Order No Pr 383 of 20 May 1982 on industrial prices for measuring and testing devices for geometric units (GBL special issue No 1086)

Order No Pr 385 of 20 May 1982 on industrial prices for bakery goods (GBL special issue No 1089)

Order No Pr 386 of 20 May 1982 on industrial prices for sugar candy, syrup and commercially produced honey (GBL special issue No 1089)

Order No Pr 387 of 20 May 1982 on industrial prices for cocoa products and sweets (GBL special issue No 1089)

Order No Pr 389 of 20 May 1982 on industrial prices for technological prospecting in the glass and ceramics industry (GBL special issue No 1093)

Order No Pr 390 of 20 May 1982 on industrial prices for small metal office machinery and office utensils (GBL special issue No 1083)

Order No Pr 391 of 20 May 1982 on industrial prices for processed water and land poultry feathers (GBL special issue No 1088)

Order No Pr 392 of 20 May 1982 on industrial prices for fine gravel and crushed rock, light concrete aggregates, rubble, gravel sand and sands for construction purposes, roof and wall slate, natural bricks, bituminous and mixed tar aggregates and concretes (GBL special issue No 1091)

Order No Pr 393 of 20 May 1982 on industrial prices for isotope production commodities (GBL special issue No 1081)

Order No Pr 394 of 20 May 1982 on industrial prices for aerial photography products (GBL special issue No 1085)

Order No Pr 395 of 20 May 1982 on industrial prices for agricultural aircraft services (GBL special issue No 1085)

Appendix 2 - Agricultural Enterprises and Facilities Subject to the New Industrial Prices as of 1 January 1984

They include:

--Agricultural producer cooperatives (LPG's) and horticultural producer cooperatives (GPG's);

--state farms (VEG's) including training and experimental farms and the VEB Grundfuttermittelwerk Westeregeln, the VEB Mast of Fleischkombinate Rostock and Schwerin

--VEB Mast Roevershagen

--VEB Mast Greifswald

--VEB Mast Wismar

--VEB Mast Stralsund

--VEB Mast Krebsfoerden

--VEB Mast Wanzlitz

and the following institutes of the Academy of Agricultural Sciences of the GDR (AdL)

Forschungszentrum fuer Bodenfruchtbarkeit (Research Center for Soil Fertility) Muencheberg

Institut fuer Duengungsforschung (Fertilization Research) Leipzig-Potsdam

Institut fuer Pflanzenernaehrung (Plant Feeding) Jena

Institut fuer Pflanzenschutzforschung (Plant Protection Research) Kleinmachnow

Institut fuer Phytopathologie Aschersleben

Institut fuer Zuechtungsforschung (Growing Research) Quedlinburg

Institut fuer Getreideforschung (Grain Research) Bernburg-Hadmersleben

Institut fuer Pflanzenzuechtung (Plant Growing) Guelzow-Guestrow

Institut fuer Kartoffelforschung (Potato Research) Gross Luesewitz

Institut fuer Ruebenforschung (Beet Research) Kleinwanzleben

Institut fuer Gemueseproduktion (Vegetable Production) Grossbeeren

Institut fuer Obstforschung (Fruit Research) Dresden-Pillnitz

Institut fuer Landschaftsforschung und Naturschutz (Scenery Research and Environmental Protection) Halle

Forschungszentrum fuer Mechanisierung der Landwirtschaft (Research Center for the Mechanization of Agriculture) Schlieben-Bornim

Forschungszentrum fuer Tierproduktion (Research Center for Livestock Production) Dummerstorf-Rostock

Institut fuer Rinderproduktion (Cattle Production) Iden-Rohrbeck

Institut fuer Futterproduktion (fodder production) Paulinenaue
Versuchsgut Seehausen Plaussig (experimental farm) of the Institut fuer Impfstoffe (vaccine) Dessau;

- state -owned nurseries and livestock breeding enterprises (propagation and fattening tests);
- cooperative facilities of the LPG's, GPG's, and VEB's including soil improvement cooperatives and the Agro-Chemical Centers (ACZ's);
- the state-owned combine for industrial livestock production with its combine enterprises;
- producer cooperatives
full-time breeders of fur-bearing animals,
inland fishermen and pisciculturists and their inter-cooperative and inter-enterprise facilities;
- state-owned inland fisheries and their inter-enterprise facilities;
- state -owned enterprises and combines in land improvement operations including the state-owned engineering bureau for amelioration Bad Freinwalde;
- state-owned kreis enterprises for farm equipment, enterprises of the state association of state enterprises for farm equipment repair, state-owned enterprises and combines for technical farm equipment including
VEB combines for farm equipment maintenance and their enterprises (of bezirks),
VEB combine for material-technical supplies (of agriculture),
VEB technical farm installation construction (of bezirks),
VEB for farm equipment maintenance and material-technical supplies Berlin,
VEB combine for horticultural equipment Berlin,
VEB equipment combine for cattle installations Nauen,
VEB for equipment for the ACZ Leipzig,
VEB amelioration mechanization Dannenwalde,
VEB engineering bureau for energy for agriculture Rostock-Sievershagen;
- VEB fertilizers;
- state-owned stables including
horsetraining directorates North, South and Center,
VEB thoroughbred race courses Hoppegarten,
state-owned racing enterprise Berlin-Karlshorst;
- church-owned agricultural and forestry enterprises;
- private agricultural and horticultural enterprises, private full-time breeders of fur-bearing animals;
- VEB seeds and plants, including Central Office for Varieties Nossen and other enterprises in the state association of state enterprises for seeds and plants;
- VdgB/BHG (Peasants Mutual Aid Association--Peasants Trade Cooperative), except when supplying the consumer trade with goods;
- VEB vegetable storage and marketing Manschnow.

FRG Discussion of Reform

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 20 Aug 83 p 10

[Unsigned article]

[Text] While thus far only some general principles had been known about the big price and cost reform in GDR agriculture, now the details are coming into focus more and more. As became clear during an inspection of the agricultural "Koooperation" at Dedelow near Prenzlau (Uckermark), through drastically increasing operations costs, the enterprises have come under pressure to bring their costs down.

What this reform comes down to ultimately is a big subsidy shift in the state budget. On the one side, the high subsidies for farm operations are out. The only exceptions are the "personal plots" of the members of the cooperatives. But then again, the prices for farm products are being raised drastically. That means all cooperatives have to do a lot of recomputing.

Unless our impression deceives us, the good enterprises will do better in the end and the bad ones, still more poorly. It is being said for the position of agriculture in the GDR to be important that its impact on the overall economy will increase in consequence of this mode of computing. Its share in the produced national income declined steadily in recent years and in the end came to circa 8 percent. There is much to indicate that starting next year its share will become bidigital in magnitude.

The head of the Dedelow cooperative, Armin Tonn (40), blithely comments on the new prices: For 100 kilograms of grain (all types of grain combined) he is going to get between 58 and 60 Marks, instead of 40 so far. His cooperation partner in dairy production gets 1.70 Marks for a liter of milk instead of 1.05. Potatoes will go from 24 to 36 Marks, sugar beets from 8.70 to 9 Marks up to 12.40 Marks, and beef will go from 6.70 to 9.90 Marks.

The operations aspect has a similar look. For one of the best known heavy tractors, the 220-horsepower K 700, a cooperative will have to shell out M 162,000 instead of 113,000, for a harvester-thresher, the E 512 with a 5-meter cutting edge, M 130,000 instead of 70,000, for a lighter 50-horsepower tractor, M 35,000 instead of 25,000.

Yet not only by price hikes does the GDR leadership seek to enforce a thrifty handling of material, it also plans to ration gas and diesel fuel in a tough way. They admit in Dedlow they were very careless with fuel in recent years because the supply was unlimited and the price was very low. To be sure, fuel consumption during the 1970's, which appears patently insane, also was a consequence of the farm policy which, chiefly for ideological reasons, generated much too large complexes. Between 1976 and 1980 Dedelow consumed nearly 117,000 liters. Then, due to harsh rationing, it dropped to 86,000 in 1981, and to 36,000 in 1982, will still come to 38,000 in 1983 and in subsequent years settle around 24,000 or 25,000 liters. No longer are the cooperative farmers being driven in gas-operated busses to far removed acres.

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CSO: 2300/215

RISING PRODUCTION COSTS CHALLENGE AGRICULTURE

Budapest NEPSZABADSAG in Hungarian 30 Nov 83 p 10

[Interview with Ferenc Szabo, assistant under secretary of the Ministry of Agriculture and Food Administration, by Jozef Farkas; date and place not specified]

[Text] In the past decades, agricultural production has developed spectacularly. Agricultural cooperatives and state farms have become stronger, technology used in production has been renewed along with the instruments that are necessary for this; well-trained specialists work on the farms. The accelerating technological development has, on the other hand, increased the dependence of production on instruments, and it is more expensive to buy the materials and the instruments used in production. It is also increasingly harder to sell certain agricultural products well faced with heightened international competition. They have to meet two basic requirements: the quality demanded on the market and the profitability which they cannot do without.

It follows from all this that besides the demanding work, the farms have to strive for savings in investments. Savings is a prerequisite for both the further development of food production and profitable company management. How can the farms meet this requirement? We asked Ferenc Szabo, the assistant under secretary of the Ministry of Agriculture and Food Administration, about this.

Production Has Become More Expensive

[Question] Many people consider agriculture a success branch of the economy. What can best characterize the changes that have been noted in recent years?

[Answer] First of all speedy development. Between 1970 and 1982, the production of agricultural cooperatives and state farms has grown by 83.7 percent and this is among the fastest increases even in international terms. Naturally, in the meantime the technical and technological prerequisites of production have also changed. The basic element of production, the land, has decreased by 724,000 acres, and in 1982 there were 190,000 fewer agricultural workers than in 1970. The fact that production still continued to grow is the result of the fast developments of the technical and biological fundamentals. In 12 years, the fixed asset stock of agriculture has grown to 2.2 times its

original size, the value of the materials used in production to 1.7, and within this the use of materials of industrial origin to 2.7 times their original value.

[Question] In the meantime, however, primarily as a result of the increase in the price of energy and of other used instruments, the costs of production have grown and agricultural production has become more expensive.

[Answer] In 1982, the cost of production in the large agricultural concerns was 263 billion forints, 3.6 times the 1970 cost. Individual types of costs changed in differing degrees. The cost of materials used in production rose to four times its original size, while wage costs have only doubled in this period. The modest change in the cost of wages is surprising, since the equalization between the incomes of workers and peasants has come about in this time period. These changes, on the other hand, show that an effort was made to replace human labor with machines, and that manpower was well managed, and they also highlight the shortcomings of strict wage controls. Besides the above changes, the so-called other expenses increased notably. The growth of bank costs by a factor of 7.5 are also worthy of note. In 1970, farms paid 700 million forints for the interest on loans, while last year they paid 5.4 billion forints.

[Question] With the decreasing amount of land and the number of workers production could only be increased by modernizing technology, and thus more material of an industrial origin and more instruments were used. What characterizes the industrialization of production?

[Answer] Mechanized hauling power has doubled, the use of insecticides has tripled and energy consumption has doubled. Buildings have been expanded and modernized; in one decade 1,000 specialized sites for the housing of animals were built. Production has become more professional and thus the need for raw material consumption has been increased. In 12 years, the gross production value has grown by 108 percent, but in the meantime, the total productive consumption has expanded by 125 percent.

Profitability Has Worsened

[Question] How have the prices of industrial materials and agricultural products changed in recent years?

[Answer] Energy carriers were 3.6 times more expensive in 1982 than in 1970 while protective substances for plants 2.1 times and artificial fertilizers 1.6 times more expensive. Between 1979 and 1982, the state purchase prices of agricultural products grew by 17 percent and the prices of materials of industrial origin used in the agricultural branch of the economy went up by 36 percent. All of this has a lot of meaning but we must not be spellbound by percentages, since it is also true that of the materials used in agriculture only 60 percent are of industrial origin. And if we take this into account then the contradiction between the prices is not as great as one would think at first sight.

[Question] The directors of the cooperatives and the state farms often say that the prices of the most important agricultural products are centrally regulated, while a large portion of industrial material prices are uncontrolled so that they can increase even during the year.

[Answer] I think they exaggerate this a little. A majority of the industrial materials used in agriculture do not have uncontrolled prices. Artificial fertilizers, fodders and machines all have centrally determined prices. At the same time, we, the central authorities, take the changes of uncontrolled prices into consideration. Regulations endeavor not to burden the farms with price changes during the year, because they cannot accommodate these. For example, the price of energy increased during the year, but we largely compensated the farms for their losses from the central budget. This system has been in effect for 6 to 8 years, and I think it has been successful.

A certain group of industrial products really has no price controls, and the direction of the change in these also cannot be argued. In principle, this is off-set by the fact that a similar size group of agricultural products also has no price controls. It would appear that the money that the farms lose because of the changes in the prices of industrial materials can be retrieved by the increase in the prices of their own products. Unfortunately, the matter is not that simple. Since there are not enough industrial materials and instruments on the domestic market, while there are sufficient agricultural products. Thus, the farms cannot determine the uncontrolled prices of products in proportion to their costs, since their prices are limited by the market.

[Question] In general, we can conclude that the profitability of agricultural production has decreased. In apparent contradiction to this, the profit of the farms has increased from year to year. What is the explanation for this?

[Answer] As a matter of fact, the explanation is simple, since the increase in the profit of the farms is not only a result of agricultural production. In 12 years, production resulting from raising livestock has increased by 63 percent, that of plant cultivation by 72 percent, and that of industrial and service activities to 5.5 times its original size. Of the 116 billion forint growth of total production, 55 percent come from so-called supplementary activities. And above and beyond all of this, the industrial work of large agricultural concerns has provided larger and more dependable incomes than their agricultural production. The farms have recognized this and have taken advantage of the opportunities. It is to the credit of the directors of the farms that they adjusted to quickly changing situations and were capable of increasing profits.

[Question] Many people fear for the future of agricultural production, saying that the more lucrative industrial activities will squeeze plant cultivation and livestock breeding into the background.

[Answer] Experience does not support these fears. There has been a need, and in the future there will also be a need for profitable farm production and industrial and service activities have offered good opportunities for this.

They have provided a guaranteed source of income, the larger part of which the farms have spent on the expansion of agricultural production. As a result of the low profitability of plant cultivation and livestock breeding, these branches would not have been able to grow at this rate strictly relying on their own resources. Therefore, regulations will change in the future in such a way that the farms can preserve their achievements and that more money will be available from agricultural production for their expansion. An example of how this will be done: until now, the farms could keep a certain portion of the production tax due for their industrial activities. In the future, the amount that can be deducted in this way will be reduced to half of the present one. The branch, however, will not lose this money, since it will be used for agricultural price supplements and for basic activity incentives.

It is extremely important that the farms preserve their interest in profitability. For this purpose we will moderate the progressivity of the gross income tax. We introduced the tax system 7 years ago and in that time income tax has risen from 2 to 9 billion forints. It takes away 38 percent of profits, thus blunting the interest of the farms in profitability. This process must be stopped, because if the farms are not interested in increasing their profits, they will lose their desire to produce as well.

With Rational Frugality

[Question] The interest in making a profit is connected to a sensitivity to expenses, since the more the expenses can be moderated, the more the profit grows. The government has approved a program for the economical use of material and for the modernization of technology. What is expected in the wake of this program in the food industry?

[Answer] According to estimates, it is possible to achieve a savings of from 2 to 2.5 billion forints simply by administrative measures and smaller investments in the food industry. But it is at least as important as these measures that the program should mold thinking and that it direct attention to timely concerns and tasks. It should also determine that it is necessary to have rational actions, since frugality is not a goal but a means for production. The program must warn that apparent savings must be avoided. Savings is meaningless, if that is accompanied by a decrease in production. A good example for this is the omission of incentives and the withholding of artificial fertilizer. Production expenses have to be decreased not in relation to themselves, instead these must be moderated in relation to the profits and the incomes. Since the success of the program and in general the whole of expense management is determined in the cooperatives and the state farms, it is not possible to do without the development of incentive systems and their widespread application.

12489

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OFFICIAL REACTS TO PUBLIC OPINION POLLS ON PRICES

Warsaw RZECZPOSPOLITA in Polish 12 Dec 83 p 2

[Interview with Deputy-minister Wojciech Pruss, Office of Prices, by Ryszard Bilski]

[Excerpts] [Question] The public consultation over price increases has been going on for more than 3 weeks. What are the most typical comments and opinions?

[Answer] The necessity of price increases is as a rule understood by society. Opinions differ--understandably--as to their scope and extent, and the principles of compensation for increased costs of living.

The main demand of pensioners is to speed up the third stage of pension revolution for all those eligible--not just the over-70 age group--or, if this proves impossible, for the 1st and 2d-degree invalids who are unable of taking part-time jobs.

It is also proposed that the limit of wages that the pensioners are allowed to earn while still receiving their pensions be raised.

Question: It is said that the discussion is dominated by the pensioners, which might imply that the price office's knowledge about the public response to its proposals is not full.

Answer: It is true, the pensioners phone and write to our office and newspaper editors more often than others.

The principal reason, I believe, is that the employees of socialized enterprises enjoy much more opportunities of discussing the proposals in their own workplaces, or of expressing their views through trade unions and social organizations.

Besides, the pensioners have been hit more strongly than the employees by increasing costs of living, and hence their greater fears of the announced price rises.

The employees, with all their income differentials, are as a rule in a better situation, since in many occupational groups the higher costs of living will be offset by higher wages. As is known, the plan calls for an average 17 per cent increase in wages next year.

I think that the questionnaire published several days ago by the Institute for Price Research will make possible broader participation in public discussion by individuals.

Question: Does the price office know the opinion of trade unions, social organizations, science establishments, etc?

Answer: Yes, these opinions are flowing in. For example, we have just received comments by the Consultative Economic Council.

Question: What does the council propose?

Answer: To put it in the nutshell, the council, while accepting the need of price increases, proposes that they be as mild as possible. Accepting the moderate increase in prices proposed in relevant variants of the price office draft, the council suggests that prices of some articles, such as vegetable oils, milk, lower grades of meat and sugar, remain unchanged.

This suggestion is aimed at reducing the consequences of proposed increase (under Variant I) by 25 percent.

Question: But then the subsidies would have to be increased. How to get the wherewithal?

Answer: The council proposes an increase in the prices of consumer durables, that is the items which are purchased relatively rarely and by people with higher incomes.

Question: In many letters and phone calls to editors, it is said that the price increase will make sense only if it leads to increased production and supply.

Answer: It should be kept in mind that the present increase in prices is an element of the continuing fight against inflation which manifests itself in increasing prices and nominal wages. Neither agriculture nor farm produce can be excluded from this process.

Therefore, the present price increase should not be automatically associated with higher production and better supply. But if agriculture and food were excluded from this process, the situation in the food market could deteriorate drastically.

Question: Some farmers say they would prefer increased supplies of machinery and implements to procurement price rises. When equipped with industrial inputs, goes the reasoning, they would make up for increased costs with higher productivity.

Answer: This is not possible. In agriculture, productivity is not growing as rapidly as costs. Farm production can increase at an annual rate of 1-2 percent.

Question: The following reasoning is often expressed in the course of consultation: if the prices are an objective economic category and if they are determined by costs, so what's use of consulting their level? There is no room for maneuver here.

Answer: There is some room for maneuver because we decided to subsidize food. But, true, it is very limited. For example, we cannot fully subsidize milk and distribute it freely, as this would lead to wastefulness. The subsidies policy must take into account some economic interdependencies, e.g. between the procurement and the retail prices.

While observing the principal proportions and relationships, we can subsidize some articles to a greater extent, such as milk, and some other items to a lower extent, e.g. meat.

Question: What will be the organizational shape of the next stage of consultation?

Answer: We are waiting for questionnaire returns and for comments from trade unions and social organizations. In the days ahead we are going to start summing up and synthesizing. The results of consultation will be published.

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MESSNER QUERIED ON PARTY ECONOMIC ACTION

AU142056 Warsaw ZYCIE PARTII in Polish 7 Dec 83 pp 5-6

[Interview with Zbigniew Messner, PZPR Central Committee Politburo member, by Andrzej Wisniewski: "The Value of Everyday Work"; date and place not given]

[Excerpts] [Wisniewski] Comrade Secretary, I propose that we start the interview with party activity on the economic front, which is regarded not without reason as the most important front politically. First could you please give your opinion on the current situation in the economy. Society's feelings are rather negative, although there are signs of growing positive trends. Therefore, I would like to ask: To what degree is that which is taking place in the economy the beginning of a constant economic healing process? What kind of contribution can the experiences of the country's greatest industrial area make?

[Messner] Society's negative feelings have arisen as a result of the sudden changeover from the relative prosperity of the 70's--and we know today how deceptive the basis for that prosperity was--to the crisis that became our lot at the beginning of the 80's. The year 1981 was particularly shocking; socioeconomically, it was the worst year since the war.

In 1981 the results of activity in all sectors of the economy fell due to a merger of two causes: accumulation of the mistakes of the previous decade and anarchization of the economy. This drop in economic results had not been noticed earlier. Of course, it did not avoid Katowice Voivodship. We all know the extent of the phenomenon. In order not to make my words sound empty, I will quote a few basic figures. The value of industrial production sold fell by 8.4 percent compared to 1979. The production of raw materials and goods essential for the economy fell drastically: production of coal fell by 15.4 percent, coke by 14.6 percent, electricity by 10.9 percent, iron ore by 15.6 percent, and steel by 21 percent. This could not remain without influence on the entire national economy.

The drop in production and productivity was accompanied by a rise in wages--with the inevitable consequence that inflation also rose. These trends became worse as 1981 progressed. It took the introduction of martial law to put a halt to the increasing economic chaos. Despite the keenly-felt

restrictions imposed by the capitalist countries, the falling industrial production began to be halted. This is confirmed by the results that were achieved.

In 1982 there was only a 2 percent drop in the value of production sold all over the country as compared to 1981. Yet Katowice Voivodship experienced a 4 percent rise that year, thanks to the favorable changes that took place in the extracting industries even in the first months of 1982. Coal acted as a kind of "spur" to the entire economy.

The favorable trends have increased this year. This is not merely the result of greater economic discipline, but is also the beginning of a constant healing process by the economy. It is only the beginning, which means that most of the road still lies ahead of us. And if one voices any reservations about the practical introduction and formulation of economic reform, then I can tell him the state of our economy and its prospects are more cheerful than the moods of society, which are influenced by the tense international situation and the continuing tough conditions of life.

[Wisniewski] A new order is emerging inside enterprises. Besides party and administrative organizations, new workers self-management bodies and trade unions are starting to function. There is a brand-new shape of mutual relations between them all. How can all these structures form a united front and still retain their individuality? After all, the strength of this front depends on various different forms of activity and different powers, which serve to make relations between them more democratic. What do you consider the root of all the misunderstanding, resistance, and reluctance occurring in this sphere?

[Messner] The new order, implementing the principles of the economic reform, is already functioning in most enterprises in Katowice Voivodship. The driving force of this order is the organizational separateness of self-management bodies and trade unions, although many of their powers overlap. The efficient functioning of this new order depends on a comprehensive look at the economic and social problems of the employees in a given plant.

The current systemic changes have no precedent in the history of socialism in Poland. For the first time, reform has deeply penetrated production. Theoretical solutions are a solid basis for a correct shaping of production. However, the situation looks different in practice. We regard the practical implementation of the laws on self-management bodies and on trade unions in Katowice Voivodship as positive, although there are also difficulties and shortcomings as was expected. These are in a certain way inevitable, judging from the scale and extent of the reform.

The most frequent reasons behind the incompetence of self-management bodies and trade unions are a lack of experience, a tendency to concentrate on matters of organization and procedure, and going into too much detail. At the same time, however, most plants are showing that they have boldly undertaken the solving of such difficult social and economic problems as

wages, productivity, and incentive systems. It is worth stressing that members of workers councils are taking an intensive course of economic education because in their action, decisions, and opinions, they have to adapt themselves to the rules of the economic game.

[Wisniewski] Every time there is talk of a relationship between the state of the economy and society's consciousness, the need is expressed to introduce a more thorough economic education to workforces, and indeed to the whole of society. Therefore could you please assess the level of this education today? But also we want to know the strategy of this education. Is it enough to publicize economic concepts and matters? Is it not better to set a process of economic education in motion, something that will also shape and even impose a certain way of thinking and a certain way of acting in everyday life? What do you think of the experiences of economic reform in this respect so far?

[Messner] Generally speaking, society's economic education is based on two factors. One of them is the "verbal transfer of knowledge," in other words communicating an understanding of the basic concepts and mechanisms of economics. This alone, however, is far from enough. Even if our entire society were composed of economics professors, there is no possibility of a rational economy as long as the practice of everyday life does not force us to calculate profits and losses.

Personally, I think that the greatest weakness right now in the economic reform that is being implemented is the still continuing lack of firm mechanisms to force people to obey the rules of the game. Criteria that have nothing to do with the economy are still being applied too often, and it is disturbing that some rules and criteria even force people into activity that is irrational from a social point of view.

Observing the reality of this sphere makes me optimistic. Taking part in the activity of trade unions, workers councils, and party cells, and joint responsibility for important social and economic decisions are the best economic lessons.

[Wisniewski] The final question: Which way to go in order to reach prosperity? Of course, we are not concerned with a "second Poland" or a "second Japan." We neither wish to annoy people burdened by the crisis, nor rouse premature hopes. Do you not see a need for the party to create a far-reaching development concept which could make people think of the future and behave accordingly, and around which social undertakings could be organized more effectively? Or must any talk about prosperity remain an embarrassment? Are we not really faced with the problem of how to achieve prosperity and of what its socialist shape should be?

[Messner] Talk of prosperity is not and cannot be embarrassing. It is obvious that without a vision of prosperity it is difficult to gain society's acceptance of the calls for increased productivity that we are making. Bearing in mind the experiences of the past decade, we are now very careful

when painting such a vision. Therefore, the programs formed by the authorities bear titles that refer to a return of stability and to overcoming the crisis. Maybe the very names themselves are psychologically wrong because one works very differently encouraged by the slogan of a "second Poland" than when faced with the vision of a return to normality, even when this slogan is exaggerated.

So society certainly needs a vision of an attractive future. Such a future is completely feasible and close, provided that we are consistent.

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MINISTER DISCUSSES DEVELOPMENT OF RAILROAD SYSTEM

Bucharest FLACARA in Romanian 25 Nov 83 p 8

[Interview with Vasile Bulucea, minister of Transportation and Telecommunications, by Mihai Stanescu; date and place not specified]

[Text] [Question] Considering the magnitude and scope of the subject, Comrade Minister, could we stipulate from the outset that our discussion will be topical, in that it will relate only to the current situation?

[Answer] A discussion of transportation and telecommunications is at all times a topical one, in that it is closely and indissolubly linked to the production of material goods and to the needs of society as a whole.

[Question] I understand you as saying, in other words, that transportation and telecommunications represent an intrinsic component of the degree of material and spiritual culture at a given moment, a direct expression of the heartbeat of the economy which they serve.

[Answer] Yes, and this explains why, over the years of socialism, and especially over the period of incomparable productiveness through which Romania has lived since the Ninth Congress of the Romanian Communist Party, this sphere has developed and has been modernized at an unprecedented pace. Today we can proudly say that we truly have a civilization of transportation and telecommunications.

[Question] Would you point out some of the most important aspects of this development?

[Answer] They are embodied in the program of the Romanian Communist Party for building a comprehensively developed socialist society and advancing Romania toward communism. The program calls primarily for creation of a unified national system capable of implementing the policy of the party uniformly in this sphere. At the same time, transportation and telecommunications have been proportioned, in the context of this strategy, so as to cover the entire territory of the country.

[Question] And so the vast network of railroads, highways and waterways, airlines, and telecommunications channels covering Romania may be linked to a gigantic spider's web.

[Answer] In making this comparison, I believe you allude primarily to the meticulous care and diligence with which this web has been spun. And in doing so you are perfectly right, except that there is not the least element of chance involved in the process. The building of new industrial facilities, which are situated primarily in districts with the lowest economic potential, has necessarily been accompanied by provision of suitable lines of transportation and communication. In every district we have a public service motor vehicle transportation enterprise. First the district seat, and then the chief localities in a district, have been connected to the national long-distance dial telephone system; the number of these localities now exceeds 200. Emphasis in modernization of old roads and building of new ones has also been placed primarily on areas which are the least well outfitted from this viewpoint, so as to provide even greater impetus for increase in their economic potential.

[Question] How does Romania compare with other countries in this respect, that is, from the viewpoint of civilization as expressed in transportation and telecommunications?

[Answer] Nearly 17 years ago, in February 1967 to be precise, in an address delivered at a conference of basic railroad worker activists, Comrade Nicolae Ceausescu compared the stage of development and modernization of Romanian railroad transportation with that of other European countries. On this occasion the leader of our party and state marked out the principal directions, later given concrete expression in the objectives established by the party congresses and in the program, to be followed in speedily closing these gaps, by aiming primarily at "development of railroad lines, provision of modern traction equipment, and improvement in signaling and traffic control facilities."

[Question] How have these guidelines been applied?

[Answer] I have not yet answered your earlier question. I would like to make a concise survey which, in effect, is a specific answer to both questions. For instance, in 1965 double-track railroad lines made up only 6 percent of the total railroad network, while in Czechoslovakia it made up 20 percent, in Poland 24 percent, and in France and the Federal Republic of Germany about 41 percent. As against the 80 to 82 percent which diesel and electric traction then represented in West European countries with advanced economies, it was only around 50 percent in Romania. By 1981 double-track lines has risen from 6 to more than 24 percent of the total Romanian railroad network, and it is expected that more than one-fourth of the total network will be in the form of double-track lines by the end of the current 5-year plan. Practically all our passenger and freight trains are drawn by diesel and electric locomotives, and it should also be stressed that the share of electric traction in the new traction systems is increasing from year to year. From being about 24 percent in 1981 it will reach the figure of around 30 percent by the end of this 5-year

plan. It should also be pointed out that, while in 1965 the density of Romanian rail traffic approximately equaled that of developed West European countries, today it far outstrips that of the railroads of such countries as France, the Federal Republic of Germany, Austria, Switzerland, and others, just as the labor productivity of railroad workers and freight train tonnage exceed those of the West European countries.

[Question] All this has certainly required considerable effort.

[Answer] Without question. The current stage of development and modernization of transportation and telecommunications, like that of other sectors of the economy, is a direct and concrete result of the socialist industrialization efforts, a major option of the policy of our party of insuring all-round prosperity of the country. Our powerful machine building and electrical engineering industries today supply diesel locomotives of various types adapted to each transportation category, electric locomotives, railroad cars of different types suited to the categories of freight hauled, and sophisticated electric automation, radio, and telephone equipment, so that the possibility has been created of transition to higher states of modernization such as automation and cybernetization.

[Question] What does electrification mean to Romanian railroads?

[Answer] It is quite proper to characterize it as a new and higher quality in railroad transportation. But it is achieved at great cost. For instance, electrification just of the section between Adjud and Suceava of main line 500 has required, among other things, 4 million cubic meters of ballast and crushed stone earthworks, 487,000 concrete sleepers, and 28,000 tons of rail, the building and rebuilding of 251 large and small bridges, and the consumption of more than 1.7 running meters of cable, while 14,000 concrete posts and 722 kilometers of contact lines have been installed for the electrification itself.

[Question] This, of course, is leading to corresponding efficiency.

[Answer] Unquestionably. Electrification of this section, which is 206 kilometers long and extends through 4 districts, has resulted in an increase of 144 pairs of trains per day in the traffic on this line. At the same time, the cost of drawing the trains has dropped about 35 percent, and the use of electric energy saves the national economy about 27,000 tons of fuel oil.

[Question] There is no need to go into too many figures and technical details. Bearing this essential criterion of need and efficiency in mind, would you tell us what are the principal electrification projects now being carried out?

[Answer] The Brasov to Telus, Buzau to Galati, and Adjud to Suceava lines have recently been electrified. Lines currently being electrified, and to be completed under this 5-year plan, are those from Faurei to Tandarei to Fetesti, from Mintia to Ilia, to Arad, from Dej to Apahida to Simeria to Hunedoara, and from Simeria to Petrosani.

[Question] What about construction of new railroad lines?

[Answer] New railroad lines are under construction, and so are new roads. The purpose of building them is to provide more direct, and thus more efficient, routes of transportation for power coal and raw materials. The Carbunesti to Albeni line has been opened for service, and construction is in progress on the lines from Vilcele to Rimnicu Vilcea, Babeni to Berbesti, Pascani to Tirgu Neamt, and on the section between Stefaneasa and Dealul Fetii of the line from Deva to Brad. The criteria are the same: timeliness and, of course, efficiency.

[Question] Without question. Is there any prospect for a railroad from Craiova to Birlad? In asking this I am complying with the wish of our editor-in-chief, the poet Adrian Paunescu, who wanted me to ask if there is any firm plan for such a railroad.

[Answer] Not for the time being, although, as I know, the locality has been proposed for development as a town or agricultural industrial center.

[Question] And in the more distant future?

[Answer] If passenger traffic and freight transportation needs in the future exceed our ability to meet these needs, we will consider such a line.

[Question] The huge Danube Canal-Black Sea construction endeavor unquestionably heads the list of major investment projects of the current 5-year plan. What is the major significance to navigation and to Romania of this large canal now in the stage of completion?

[Answer] It is truly a work of proportions worthy of the era in which we live and, in my opinion, characteristic of the era. The scope of the work done, the volume of excavation, of concrete poured and retaining walls built, the difficulty of construction, the special facilities such as the locks, the new ports built, and the ancillary structures such as railroad bridges and road crossings are far greater in magnitude than those of such famous arterial waterways as the Panama and the Suez Canals. Opening this canal up to navigation means reducing the distance of travel over water from Constanta to Cernauti by nearly 400 kilometers, and the new port of Constanta-Sud built simultaneously with the canal will be linked directly to European river navigation.

[Question] It must be admitted that this is an extraordinary accomplishment.

[Answer] Along with the lowering of shipping costs, due both to the shorter distance of travel and to the fact that transportation by water is about 3 times cheaper than by railroad, the canal performs other complex functions of great importance to agriculture, sound management of water resources, and the national economy in general.

[Question] In speaking of the higher stages of modernization you mentioned automation and cybernetization. Precisely what does the cybernetic island of Videle represent?

[Answer] It is a result of cooperation among research workers, designers, automation equipment builders, and our railroad operation engineers. At this experimental marshalling yard all operations are programmed and executed automatically by processors and computers. The data on a train arrive here in advance of the train, are processed, and then received by automation equipment which controls and executes the operations involved.

[Question] Interesting...

[Answer] In addition, to establish the optimum speed of travel of the train on the shunting hump, they operate the rail brake as a function of numerous parameters, including wind speed and direction, car characteristics and destination, etc. The switch engine itself has a processor rather than an engineer. I must stress that it is an experimental, pilot station, and for this reason has been termed an "island," but it is unquestionably the wave of the future.

[Question] And what about the results obtained here?

[Answer] They will be used by specialists to improve equipment and its performance, as well as the dependability of its operation. As a matter of fact, just such a path of development as this has been followed from the first Romanian electrodynamic central station control facilities to the highly perfected equipment in use today.

[Question] Do you have an example you can give of this?

[Answer] Of course. There is the Perisoru station on the main line from Bucharest to Constanta. At old stations, and even at newer ones today in the railroad system, the train dispatcher "travels" the entire route of a train on an illuminated chart, from arrival at the station to departure, pushing the necessary buttons and thereby causing the route to be followed. With the Perisoru facility the dispatcher presses only the arrival and the departure buttons. The equipment "thinks out" the route for the train, selecting the optimum one, and then it causes the route to be traveled automatically by operating the switches and signals for the route in question. This station as well is still an "island." In the future, which for nearly two decades now we have become accustomed to linking directly with the present in Romania, I am certain that it will be easier for you to find places where such "islands" do not exist.

[Question] A high degree of civilization in transportation implies comfort, safety and speed. What action is being taken in these directions?

[Answer] It is difficult to sum up the matter in a few words. In any event, we are exerting special effort in this field. The railroads have been outfitted with new and modern types of passenger cars with which we have put together self-contained trains such as the long-distance express trains and a number of high-speed trains. The express trains which shuttled to the coast this summer were rated positively by all passengers, and we wish to extend their service. Pullman cars were recently placed in service. These cars,

which are incorporated in trains running at night, provide better traveling conditions for passengers than do the conventional day coaches.

[Question] This is true of the higher class long-distance trains. But what can be done to improve the dilapidated and cinder blown condition of the local trains?

[Answer] This is also a matter to which we constantly give our attention. Nearly every passenger station which puts long-distance or local trains together has facilities for washing the exterior of cars. In every regional administration there are currently at least three or four centers at which trains undergo at fairly short intervals what we term radical overhauls, which include both general cleaning and routine repair of furniture and fixtures. Unfortunately, this property of ours, of all citizens, is not always treated with care by some passengers.

[Question] The consciousness of passengers does indeed play a big part in preserving and protecting property which they use in common.

[Answer] As a matter of fact, whatever new cars or machines we place in service do not have very good prospects of receiving civilized treatment for long. Maintenance of this equipment requires enormous amounts of money, and so I say that only good could come from broader participation by everyone in molding strong public opinion against those who act to damage or deface transportation means and transportation equipment.

[Question] We seem to be witnessing a sort of revival. People more and more are going back to using trains, from which at one time they were alienated by the automobile. Is this phenomenon due only to the safety which this public transportation means provides? Or is something else also involved?

[Answer] I believe that there are several factors which have revived interest in travel by train, bus, or airplane: lower fuel consumption, comfort, and safety.

[Question] Railroad workers have always been regarded as making up a second army for the country. What does it mean today to be a railroad worker?

[Answer] What it has always meant, and more: being fully aware of the immense responsibility borne by the railroad worker and doing one's duty properly. On the railroad and in transportation in general work which in a factory results in rejects cannot be tolerated, and discipline may not be regarded as an abstract concept but must be seen as a distinctive trait of the railroad worker. As the saying goes, discipline must be in his blood. It is precisely for this reason that rigorous selection criteria are adopted in recruitment and training of personnel who are to work in traffic safety: self-control, a high sense of responsibility, thorough professional training, and civic and patriotic awareness.

[Question] My father was a railroad worker. When the local from Bucharest came through town, he knew it by its whistle. The first thing he did after getting up was to look at his watch: it was four o'clock sharp.

[Answer] Oh yes, punctuality is without question an important trait of the transportation worker and of railroad traffic. Unfortunately we still have occasion, more than once, to hear a station announcer reporting delay of one train or another. For this reason we sometimes feel that we owe a debt to passengers, to citizens, and we insist at all times on strengthening of discipline, responsibility, and professional competence.

[Question] Here I have been so absorbed in what you have said that I haven't noticed how time has passed....

[Answer] Before we end our conversation, though, I would like to assure our customers that the large army of transportation and telecommunication workers will at all times strive to do its duty and serve the people with dedication, as we are asked to do by the country, the party, and its Secretary General, Comrade Nicolae Ceausescu.

[Question] Thank you.

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CSO: 2700/71

REPUBLIC EXPORT-IMPORT VALUES TO MID-NOVEMBER

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 9 Dec 83 p 3

[Article by Milorad Urosevic: "Negative Difference Reduced by One-Fourth"]

[Text] According to the figures contained in the most recent report of the Federal Bureau of Statistics, covering the period from 1 January to 21 November of this year, Yugoslav exporters have delivered goods to foreign markets worth 532 billion dinars, or \$8,392 million (calculated at the rate of exchange in effect of 63.40 dinars per U.S. dollar). This is 2 percent more than over the same period of time last year. At the same time goods were [imported] in the amount of 656,715 million dinars, or \$10,358 million, which is 4 percent less than in the same period of last year.

The negative difference is 124,669 million dinars, or \$1,966 million, as against 161,453 million dinars, or \$2,545 million over the same months of last year, which signifies a drop of 22.8 percent, or \$579 million. There is no doubt that this improvement was achieved largely through reduction of imports, and to a lesser extent by augmenting exports, which is contrary to the plans for this year and deserves a more detailed analysis so that the adverse trends can be corrected, at least in the coming year.

A certain improvement was achieved in the ratio of exports to imports, which was 81 percent as against 76.4 percent over the same period of last year, but the various republics and provinces made a differing contribution to all this, as is evident from the figures in Table 1.

Even at first glance very large differences are noticeable, above all in the ratio of exports to imports. In this respect five republics have a more favorable ratio than the average for the entire country, the same is true of the Province of Kosovo, but with a minimal 2 pro mille. The Province of Vojvodina with 68.5 percent and Macedonia with 63.9 percent had a markedly unfavorable result. At the same time it is evident that only Montenegro has a surplus of 657 million dinars, since it achieved 107.80 dinars of exports for every 100 dinars of imports. And then on the basis of its share in total exports Serbia proper had the lowest share of the deficit, with a 25.7-percent share in exports and a 6.1-percent share in the deficit, joined by Slovenia with a 20.4-percent share of exports and 9.3-percent share of the total negative difference. This is the result of a high ratio of exports to imports: 90.3 percent for Slovenia and all of 94.8 percent for Serbia proper.

Table 1. Total Exports and Imports Over the Period 1 January-21 November 1983

Sociopolitical Community	In Millions of Dinars			Ratio of Ex- ports to Im- ports	Share in Following, %		
	Exports	Imports	Deficit		Ex- ports	Im- ports	Def- icit
SFRY	532,046	656,715	124,669	81.0	100.0	100.0	100.0
Bosnia-Hercegovina	77,901	93,034	15,133	83.8	14.6	14.2	12.1
Montenegro	9,113	8,456	+ 657	107.8	1.7	1.3	+ 0.5
Croatia	115,762	132,907	17,145	87.1	21.8	20.2	13.8
Macedonia	26,740	41,866	15,126	63.9	5.0	6.4	12.1
Slovenia	108,546	120,188	11,642	90.3	20.4	18.3	9.3
Serbia proper	136,749	144,302	7,554	94.8	25.7	22.0	6.1
Kosovo	10,448	12,870	2,422	81.2	2.0	1.9	1.9
Vojvodina	46,333	67,481	21,148	68.6	8.7	10.3	17.0
The Federation	455	35,611	35,156	1.3	0.1	5.4	28.2

However, there is an increasingly striking paradox for which it is difficult to find any justification whatsoever. For years the Federation has been blamed for absolutely everything, especially when it was forced to undertake certain unpopular measures, since achievement of consensus among the republics and provinces dragged on interminably. It is in imports that the Federation is being attributed an ever larger amount--now already more than one-twentieth. To be sure, it is given credit for certain "crumbs" of exports, so that in the total deficit the Federation, which every day is being contested and called to account, has a share of almost three-tenths, 28.2 percent to be exact, and that is twice as much as a year earlier.

We should also mention that greater importance is being attributed to trade with the countries in the convertible area than to trade with countries with the bilateral method of payment. That trade is regarded as less worthwhile, although it is from those sources that we obtain not only the major portion of our crude petroleum, but also many strategic raw materials and other goods. To some extent the belief has been created that only exports to the convertible area have essential importance and that other markets are considered negligible.

Trade with the convertible area over this period can be seen from Table 2.

Exports to the convertible area in the amount of 340,846 million dinars, or \$5,376 million, exceeded by 15 percent trade over the same time period last year. At the same time 437,082 million dinars, which is \$6,894 million, were spent for imports, and the ratio of exports to imports rose to 78 percent as against three-fifths in the same period of last year. Thus, thanks especially to the increased efforts in November, when 84 dinars of exports were achieved for every 100 dinars of imports, the trade deficit with that payments area was practically cut in half. Over the same time last year the negative difference was 161,453 million dinars, or \$3,040 million, but this year it was reduced to 96,236 million dinars, or \$1,518 million, which is 49.9 percent.

Table 2. Trade With the Convertible Area From 1 January to 21 November 1983

Sociopolitical Community	In Millions of Dinars			Ratio of Ex- ports to Im- ports	Share in Following, %		
	Exports	Imports	Deficit		Ex- ports	Im- ports	Def- icit
SFRY	340,846	437,082	96,236	78.0	100.0	100.0	100.0
Bosnia-Hercegovina	45,144	53,754	8,610	84.2	13.2	12.3	9.0
Montenegro	4,367	6,114	1,747	71.6	1.3	1.4	1.8
Croatia	79,473	93,655	14,182	84.9	23.3	21.4	14.7
Macedonia	15,410	22,594	7,184	68.2	4.5	5.2	7.5
Slovenia	83,674	87,175	3,501	96.0	24.6	20.0	3.6
Serbia proper	81,704	100,918	19,214	81.0	24.0	23.1	20.0
Kosovo	3,593	9,308	5,715	38.6	1.1	2.1	6.0
Vojvodina	27,025	34,655	7,630	78.1	7.9	7.9	7.9
The Federation	455	28,910	28,455	1.6	0.1	6.6	29.5

Here again the results of the various republics and provinces would have been appreciably different if it were not for the Federation, whose share in the negative balance is 28,455 million dinars, or \$448.8 million, and that is only 5 pro mille less than three-tenths. There is no doubt that the overall results and trade with the countries of the convertible payments area would have been much more favorable had there not been toleration of the harmful practice whereby certain organizations of associated labor export while others are immediately thereafter importing the same products, a practice on which about \$500 million were lost, according to what has been stated in the Yugoslav Assembly. We must believe, then, that the regulations governing foreign visible trade in the coming year will give maximum respect first of all to the interest of society as a whole, since this is one of the conditions for gradual achievement of economic stabilization.

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CSO: 2800/127

REPUBLIC IMPORTS FROM CONVERTIBLE CURRENCY AREA

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 20 Dec 83 p 6

[Article by Milorad Urosevic: "More Than Three-Fourths for Reproduction"]

[Text] In a recent meeting of the Executive Board of the Economic Chamber of Yugoslavia it was announced that it would require 12 billion dinars to provide jobs for those registered as unemployed and those working abroad temporarily; this is more than the value of the country's social product in 2 years. There is no doubt that this is one of the most urgent tasks, and the same applies to augmenting exports to provide the foreign exchange for repayment of debts which have come due, which is why this admonition must not be taken lightly. This is yet another reason why in future a more realistic assessment should be made of the possibility of reducing outlays in capital investment projects to open up new facilities and to modernize existing ones, since this is another condition for reducing the number of unemployed. Certain conversions of the figures of the Federal Bureau of Statistics for the period 1 January-21 November of this year can tell us the proportional breakdown by economic purpose of imports from the convertible and also the bilateral payments area, which cannot be considered satisfactory.

Table 1. Imports From the Convertible Area for the Various Republics and Provinces

Sociopolitical Community	Total Imports		Breakdown					
			Reproduction		Investments		General Consumption	
	Mil- lions of Di- nars	%	Mil- lions of Di- nars	%	Mil- lions of Di- nars	%	Mil- lions of Di- nars	%
SFRY	437,754	100.0	335,788	100.0	75,092	100.0	26,400	100.0
Bosnia-Herzegovina	53,754	12.3	42,411	12.6	9,080	12.1	2,263	8.6
Montenegro	6,114	1.4	4,224	1.3	1,669	2.2	222	0.8
Croatia	93,655	21.4	74,641	22.2	13,636	18.2	5,376	20.4
Macedonia	22,594	5.2	18,198	5.4	3,412	4.6	983	3.7
Slovenia	87,175	20.0	67,804	20.2	14,443	19.2	4,927	18.7

Table 1 (continued)

<u>Sociopolitical Community</u>	<u>Breakdown</u>							
	<u>Total Imports</u>		<u>Reproduction</u>		<u>Investments</u>		<u>General Consumption</u>	
	<u>Mil- lions of Di- nars</u>	<u>%</u>	<u>Mil- lions of Di- nars</u>	<u>%</u>	<u>Mil- lions of Di- nars</u>	<u>%</u>	<u>Mil- lions of Di- nars</u>	<u>%</u>
Serbia proper	100,918	23.1	78,484	23.4	15,827	21.1	6,608	25.0
Kosovo	9,308	2.1	6,488	1.9	2,492	3.3	329	1.3
Vojvodina	34,655	7.9	28,379	8.5	3,627	4.8	2,648	10.0
The Federation	28,910	6.6	14,959	4.5	10,906	14.5	3,044	11.5

When we examine these results separately for each republic and province, we see that the imports of each of them is not equal to their respective share in achieving the social product, although it would be realistic for the more highly developed to have smaller needs to make purchases abroad than the less developed. However, that is not the situation. Bosnia-Herzegovina and Kosovo have the same share in creation of the social product as their share in imports from the convertible area. Croatia's share in the latter was 4.3 percent than its share in the former, and the analogous figures were 1.8 percent for Serbia proper and 2.7 percent for Vojvodina. Those which had a higher share in imports from the convertible area than their share in creation of the country's social product were Montenegro with a difference of 0.6 percent, Macedonia 0.5 percent, and Slovenia 3.3 percent.

It is certain that ideally equal ratios cannot be expected, but it is also abnormal for the share of certain entities in these two categories--creation of the social product and imports from the convertible area--to differ to such an extent, wherein it is more than obvious that some have been appreciably hurt, while others have derived advantage from this. This also applies to a great extent to the distribution of imports for each of the economic purposes.

We also need to see how things were "managed" in each of the republics and provinces. In other words, to what extent each of them used its imports to purchase production materials, as a primary goal, and to what extent for other purposes, as shown by the figures in Table 2.

At the very first glance the breakdown of imports by economic purposes at the level of the entire country, which shows that 76.8 percent went for producer goods, 17.2 percent for investments, and 6 percent for consumer goods, does not afford a basis for continuing to attribute the main blame to imports of equipment. This understandably does not eliminate the need to make an effort for maximum optimality in purchases of imported technology and equipment, nor does it eliminate the need to analyze previous practice in detail and to point up oversights so as to avoid repetition of what is no good, but it is unrealistic to expect imports of equipment to undergo a further relative reduction, this could cause more harm than good.

Table 2. Distribution of Imports Within the Republics and Provinces

<u>Sociopolitical Community</u>	<u>Total</u>	<u>Distribution by Economic Purposes, %</u>		
		<u>Reproduction</u>	<u>Investments</u>	<u>General Consumption</u>
SFRY	100.0	76.8	17.2	6.0
Bosnia-Hercegovina	100.0	78.9	16.9	4.2
Montenegro	100.0	69.2	27.3	3.5
Croatia	100.0	79.7	14.6	5.7
Macedonia	100.0	80.5	15.1	4.4
Slovenia	100.0	77.7	16.6	5.7
Serbia proper	100.0	77.8	15.7	6.5
Kosovo	100.0	69.7	26.8	3.5
Vojvodina	100.0	81.9	10.5	7.6
The Federation	100.0	51.8	37.7	10.5

The structure of imports, as we see, differs appreciably from one republic or province to another: from very high, at about 82 percent, for producer goods in Vojvodina, and only slightly less in Macedonia, to less than seven-tenths in Montenegro and Kosovo. And then the differences for investments were as follows: from the high of about 27 percent in Montenegro and Kosovo to only 10 percent in Vojvodina. And finally, from only 3.5 percent for consumer goods in Montenegro and Kosovo to 7.6 percent in Vojvodina. These figures provide an illustration of those differences which perhaps in some places are justified, but certainly not everywhere.

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CSO: 2800/127

FOREIGN TRADE IN AGRICULTURAL FOOD PRODUCTS

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 8 Dec 83 p 7

[Article by Milorad Urosevic: "Deficit Reduced to One-Third"]

[Text] In a situation when augmentation of exports and a proportionate reduction of the trade deficit constitute a condition for achieving the initial results in economic stabilization, if the figures indicating the results achieved are looked at a bit one-sidedly, exports and imports of the branches of the economy making up the agroindustrial complex can be considered satisfactory. Our reserve arises out of the fact that during this year, as indeed last year and in previous years, the emphasis has been put on exports, indeed even when the immediate consequence of that orientation was a shortage of the same commodity on the domestic market, so that the only way out was to make purchases abroad. This is approximately the same observation which was made in this newspaper at the beginning of this year in commenting on the commodity trade of the agroindustrial complex last year. Nevertheless, this year's trade is characterized by certain qualitative differences, and they are adverse.

There is certainly full justification for noting that exporting even things which others are importing has not been characteristic of food producers alone, but still this kind of behavior cannot be neglected either.

In addition, this year organizations of associated labor which by the nature of their business have no connection whatsoever with agriculture have found it in their interest to put food on sale that is so indispensable to domestic consumers, often even at ridiculously low prices. To compound the irony, organizations from branches of the economy and industry with a very low organic composition of capital in which billions of accumulation largely created in agriculture had been invested have begun to engage in the exporting of livestock and other food products, but their export results are so slim that only fattened young beef could "extricate them from the loss."

Viewed as a whole, there was a very modest growth of exports of about 5 percent, to 45.8 billion dinars as against 43.8 billion at the same time last year, but imports dropped approximately 10 billion, or 15 percent, from 60.3 billion last year to 51.1 billion this year. Thus the negative difference has been reduced to less than one-third, from 16.5 billion dinars to only 5.3

billion, or from \$260.5 million to only \$84.2 million, and the ratio of exports to imports increased from 72.6 percent last year to a high 89.6 percent in the period under review for this year.

Food Exports and Imports in the First 9 Months of 1982 and 1983

(in millions of dinars)

Branch of Economy	1982			1983		
	Exports	Imports	Difference	Exports	Imports	Difference
Food processing industry	28,766	16,889	+11,877	24,494	22,712	+1,782
Beverages production	3,718	232	+ 3,486	4,217	186	+4,031
Livestock feed production	184	263	- 79	124	198	- 174
Cropping	5,088	27,703	-22,615	11,202	16,804	-5,602
Fruitgrowing	827	7,739	- 6,012	1,018	6,929	-5,911
Grapegrowing	188	--	+ 188	189	--	+ 189
Animal husbandry	4,653	6,555	- 1,902	4,169	3,103	+1,066
Fishing	327	889	- 562	424	1,142	- 718
Total	43,751	60,270	-16,519	45,837	51,174	-5,337
In millions of U.S. dollars	690.1	950.6	- 260.5	723.0	807.2	- 84.2
Ratio of exports to imports		72.6			89.6	

However, a very high price was paid for this improvement, which seems satisfactory at first glance. This applies first of all to the increasingly poor supply of meat, milk and processed foods on the domestic market, which are in fact the highest-quality foodstuffs (necessary to maintaining the ability to work and health of the working people and especially the health of children and young people), as well as poor supply of many other products within the product mix of the food processing industry. We should bear in mind in this connection the increasingly pronounced and by no means justified disproportion between the ever increasing number of processing plants, above all in all the branches of the food processing industry, as well as in the production of livestock feed, and the ever lower adequacy of production of the principal products of cropping and animal husbandry, which aside from their direct use as human food, are also used as a raw material for further processing.

Without entering on this occasion into the detailed causes of this situation, there is good reason to call attention to the very simple and illusory slogan to the effect that food exports should earn \$2 billion by 1985. After all, to plan only exports and not to take into account the still larger imports to furnish the necessary quantities of food to meet domestic needs cannot be considered realistic and intelligent.